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NEWS SUMMARY

GENERAL

Leftists hold up Iran oil output

Left-wing oil workers in Iran are challenging the authority of the Ayatollah Khomeini by holding out against a full return to work until they are represented on the country's revolutionary council.

In Tehran, where the former Israeli Diplomatic Mission was taken over by the Palestine Liberation Organisation, PLO leader Yasser Arafat said that Iranian guerrillas would join with Palestinian forces in the battle against Israel.

Seyyed Khomeini, son of Ayatollah Khomeini, pledged that Iran would continue its revolutionary struggle until all Islamic countries had been set free. Page 4

Oil secrecy

South Africa is clamping down on the publication of information about its oil needs, reserves and sources of supply following the ending of supplies from Iran. Back Page

NEB denial

Repeat allegations by Labour back benchers that Allied Investments paid a "£3m bribe" to secure a contract in Saudi Arabia have brought a further denial from th eNational Enterprise Board. Page 9

Africa peace bid

The Organisation of African Unity will try to halt the border war between Tanzania and Uganda at a special session in Nairobi tomorrow. Page 4

Duke dies

The Duke of Westminster, whose family is Britain's largest urban landlord, died at his Northern Ireland home, aged 68. He had been ill for three years. Page 6

Rhodesia raid

Rhodesian jets undertook a second cross-border raid within 48 hours, bombing and strafing a guerrilla storage complex in the Chimoi region of Mozambique. Page 4

Rahman wins

President Ziaur Rahman's Bangladesh National Party swept to victory, winning 203 out of 300 seats.

Zaire support

Belgium is sending a support ship to Zaire to back the 250 paratroopers sent to protect the 30,000 Belgians in Zaire following the discovery of a plot to overthrow President Mobutu.

TV cuts refused

High Court judge in London refused to order cuts in ITV television documentary on world's worst mid-air crash in which 176 died. Cuts in scenes based on pre-crash cockpit recordings had been sought by British Airline Pilots Association, British Airways and the widow of Trident capital Dennis Tann.

Briefly . . .

Wee Georgie Wood, the 4ft 9½ in music hall comic, died at his London home aged 83.

Two men died and 15 were injured in crashes on the M40 after a coach overturned in dense fog.

Picasso's Woman in a Hat Holding a Sheep's Head worth £175,000 was stolen from a Toronto art gallery.

Arthur Smith, aged 29, of Enfield, London, appears in court today charged with the murder of 10-year-old Tracy Staples.

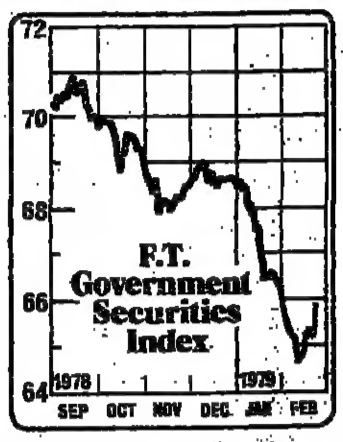
Explosions in two Glasgow bars were caused by devices planted by extremists according to Strathclyde police.

BUSINESS

Equities up 5; Gold rises $2

● EQUITIES moved higher on renewed investment demand. FT 30-share index, down 0.3 at 10 am, closed 5 points up at 460.3.

● GILTS: Longs advanced by 1½ points, while shorts rose by up to 1¼, on recently changed



opinions regarding the course of interest rates. Government Securities Index rose 0.73 to 65.92.

● GOLD rose $2 to $248½.

● STERLING was unchanged at $2.0030, as was its trade-weighted index at 63.6.

● FRANCE'S seasonally-adjusted trade balance showed a surplus of FFrs 51m (£6m) last month — the first January surplus for four years — reinforcing the recovery which left French trade FFrs 2.5bn (£295m) in the black last year. Page 2

● BRITISH Petroleum has confirmed a large oil field to the west of the Shetlands, but results of the latest exploration work in the area give little clue as to how soon it could be developed. Back Page

● ANGLIA, Hastings and Thanet Building Society, one of Britain's biggest, is to cut lending levels by 15 per cent from March. Back Page: Halifax house price report, Page 9

● BRITISH Shipbuilders announced the closure of its Haverton Hill, Teesside, shipyard with the loss of 900 jobs. Back Page.

● INDEPENDENT review committee is standing by to hold a further hearing in the case of Mr. Joseph Thompson, a textile worker who lost his union card and job after working for a company blacked by the National Union of Dyers, Bleachers and Textile Workers. Page 8

● LEGAL wrangle between Tarmac, the construction group, and Drake and Skull, the engineering and construction concern, has ended with an out-of-court settlement worth about £2m to Tarmac (Back Page).

● LUCAS motor components group claimed a tactical victory in its legal struggle over the future of the French electrical parts manufacturer, Ducellier Back Page

● DUNLOP faces a one-day strike in protest at its plans to close its Speke, Merseyside, factory and to axe jobs at other plants. Representatives of 11 unions with members in Dunlop decided on the strike yesterday. Back Page

COMPANIES

● ARTHUR GUINNESS has made an offer for White Child and Beney, the materials handling and plastics group, for the third time in five years. For the first time, the offer is being recommended by the White Child board. Page 27

● NORSK HYDRO, the Norwegian oil industry concern, says a better 1978-79 result than previously expected is now indicated, but profits will still be lower than the 1977-78 figure.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Exchequer 10pc 1983	£88½	+ 1½
Treasury 12pc 1995	£87¾	+ 1¼
Barclays Bank	385	+10
Beecham	627	+12
Bejam	70	+ 9
Caledonian Hldgs.	121	+ 4
Chubb	155	+ 9
De Vere Hotels	248	+42
Electronic Rentals	173	+ 8
Estates & Agency	71	+ 5
Fodens	48	+ 4
Glass & Metal	177	+27
Glaxo	485	+12
Horizon Midlands	158	+13
ICI	371	+ 7
MEPC	169	+ 8
MFI Furniture	234	+13
Marshall's Universal	146	+ 8
Maynards	152	+12
Midland Bank	365	+ 7
Paterson Zochonis	195	+13
Racal Electrical	382	+12
Rivington Reed	70	+ 4
Sainsbury (J.)	242	+ 7
Samuelson Film	182	+ 9
Savoy A	84	+ 5
Sirdar	106	+ 5
Sound Diffusion	97	+ 6
Status Discount	245	+ 8
Tarmac	164	+ 8
Unilever	554	+12
White Child & Beney	193	+66
Harrisons Mlysn. Ests.	135	+ 6
Gold Mines Kalgoorlie	90	+ 6
M.I.M. Hldgs.	266	+11
Mount Lyell	66	+ 5
Selcast Expln.	41	+ 5
Western Mining	174	+ 6
FALLS:		
Jardine Matheson	174	−13
Man. Agency & Music	131	− 5

Sharp fighting still continues but China may be pulling back

BY OUR FOREIGN STAFF

Fierce fighting continued in four northern provinces of Vietnam yesterday between a Chinese invading force and Vietnamese troops. But unconfirmed reports from Peking suggested that China had begun pulling troops back from positions six miles inside Vietnam.

Hanoi Radio claimed its forces had killed 3,500 Chinese soldiers and destroyed 80 tanks. An earlier Vietnamese report said that two provincial capitals, Mon Cai, near the coast, and Lao Kay, in the Red River valley in the east of the country, had been attacked.

Do Ngoc Duong, the Vietnamese chargé d'affaires, claimed in Bankok that the Chinese assault had caused heavy civilian casualties and damage to property in four provinces, with the heaviest fighting in Hoang Lien Son Province.

Asked if Vietnam would invoke the friendship treaty with the Soviet Union, which provides for Soviet intervention if requested by Vietnam, the diplomat said: "We have enough strength to fight the enemy."

In Moscow the Soviet Government softened the hard line it had taken over the Chinese incursion. In an unofficial report the authorities said the invasion would have serious consequences only if the Chinese went beyond "accepted limits."

The report suggested that if the Chinese halted their invasion now the Soviet Union would not feel obliged to retaliate.

The Soviet Press was full of bitter denunciations of China.

All leave has been cancelled for military personnel. Soldiers on leave are being recalled.

Russia, through a series of leaks to the Western Press, seems to be signalling that just as the Kremlin is ready to show restraint if the Chinese halt their advance, it also has formidable military strength and is ready to fight if necessary.

In Bangkok military analysts say the Chinese have not penetrated more than six miles into Vietnam.

The question is whether the Chinese have "punished" the Vietnamese enough to allow them to withdraw.

The Chinese said they simply wished to give the Vietnamese a bloody nose.

Sino-Soviet conflict Page 4 ● Editorial comment Page 22 ● World market reaction Page 36

Britain delays Harriers decision

By Richard Evans, Lobby Editor

THE GOVERNMENT is to await the return of Mr. Eric Varley, the Industry Secretary, from his trade visit to China before reaching a decision on sale of Harrier vertical take-off jets there.

The indications yesterday after consultations with senior Ministers before Mr. Varley left for the Far East were that the Government was not anxious to go ahead with the Harrier deal while the Chinese were so actively involved in Vietnam.

The hope is that by the time Mr. Varley returns early next month the Chinese invasion force will have pulled back, and the political climate will be more favourable.

The Cabinet's position is still to enter negotiations for sale of the Harirer provided this is part of amuch bigger package covering capital and consumer goods. Mr. Varley's visit to China should make the Chinese attitude clearer. He is also having trade talks in Singapore and Hong Kong.

Left-wing Labour MPs continued their protests at the prosepective sale of between 70 *and 100 Harriers with* a Tribune Group statement demanding that the Government confined negotiations to non-military sales.

The group said that even before the Chinese incursion into Vietnam supply of arms to China threatened détente and peace. Since the invasion the dangers were considerably greater.

Mr. Frank Allaun, chairman of the Labour Party, appealed unsuccessfully to the Speaker for an emergency Commons debate on supply of aircraft to China.

Parliament, Page 9

Metals rise

Nervousness about the effect of the Chinese invasion of Vietnam brought generally higher prices on the London commodity markets yesterday. Particularly affected were metals. Copper cash wirebars traded above £1,000 for the first time since 1974, finally closing £29.5 up on the day at £1,001 a tonne. Silver prices also jumped sharply. Page 35

£ in New York

—	Feb. 16	Previous
Spot	$2.0055-0045	$2.0023-0033
1 month	0.49-0.44 dis	0.50-0.45 dis
3 months	1.52-1.27 dis	1.56-1.31 dis
12 months	4.70-4.50 dis	4.75-4.55 dis

Oil talks next month

BY OUR FOREIGN STAFF

THE ORGANISATION of Petroleum Exporting Countries is to discuss the effects of the Iranian troubles on the oil industry at a consultative meeting on March 26.

Dr. Mana al-Otaiba, OPEC president, said yesterday in Abu Dhabi that the meeting to be held in Geneva, would discuss the oil market and the behaviour of the oil companies towards third world countries.

The announcement confirms persistent reports of a meeting. It is, however, significant that it is described as consultative. OPEC has repeatedly denied reports of an extraordinary Ministerial meeting, but consultative talks would allow ministers to meet privately without necessarily having to take formal decisions.

This formula appears more likely to satisfy Saudi Arabia, which has opposed an extraordinary meeting to raise prices formally.

Ambulancemen strike tonight

BY ALAN PIKE, LABOUR CORRESPONDENT

AMBULANCE CREWS in London decided yesterday to stage a total 24-hour strike from midnight tonight in spite of hopes that the public sector pay disputes may be nearing a solution.

The decision by London Ambulance Service union conveners may be followed in other parts of the country today. The conveners defied an appeal by the general secretaries of the four unions involved in the public services dispute to avoid an all-out strike.

Aberdeen crews went on total strike yesterday and emergency work was taken over by police. It is likely that 600 West Midlands ambulancemen and many in th eNorth-West will join the London crews in tomorrow's strike unless the position is changed by a national shop stewards' meeting in London today.

It is expected that new pay proposals for the ambulance service will be announced at this meeting, but shop stewards last night doubted if they would prove acceptable.

Mr. Bill Dunn, the London conveners' spokesman, said that only a suitable pay offer could stop the proposed strike. "But we know what is suitable, and it's not what is on the table at the moment."

Inquiry

Mr. Terry Leedham, a Transport and General Workers Union branch secretary in Birmingham, said he doubted whether the offer would satisfy shop stewards.

It is probable that the offer to the ambulancemen will be raised in line with the 9 per cent increase in basic rates now on offer to local authority manual workers. The ambulancemen — like the council workers — are one of the groups for whom the Government is proposing a comparability inquiry by a standing commission.

This holds out the possibility of further increases in August.

Local authority employers and union leaders were jointly seeing Mr. Peter Shore, Environment Secretary, last night to discuss the possibility of a self-financing productivity scheme forming part of their settlement. The unions are prepared to recommend acceptance of the 9 per cent offer provided they get an acceptable productivity scheme.

Earlier yesterday, officials of the National and Local Government Officers Association met Mr. Shore to discuss the prospects for a pay comparability study for administrative, professional, technical and clerical staff in local government when their pay negotiations take place later in the year.

Even if the offer to council manual workers proves acceptable to the unions, it seems likely that much of the current industrial action will continue while members are being consulted.

The National Union of Public Employees yesterday said more strikes by school staff and refuse collectors were due to start during this week.

Civil Service claim Page 8

Rail threat

Rail passengers in many parts of Britain could be affected from midnight last night by the first of a series of unofficial 24-hour strikes by maintenance workers. The workers are seeking pay parity with outside industry. The National Union of Railwaymen has ordered its members to ignore the strike call. Depots expected to be hit include Carlisle, Wigan and Preston.

Level of economic activity slows since summer

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of economic activity in Britain has hardly increased since the burst of growth early last summer, and only modest expansion is generally expected this year.

This is indicated by the preliminary estimate of total output, as measured by real Gross Domestic Product, published yesterday by the Central Statistical Office.

The GDP index for the last three months of 1978 stood at 108.4 (at constant prices, with 1975=100, and seasonally adjusted) compared with 108.3 and 108.6 respectively in the previous two quarters.

The slight drop in total output near the end of 1978 was the result of some loss of industrial production, mainly caused by disputes such as the Ford strike. This was largely, though not entirely, offset by higher levels of activity in other sectors, in particular distribution and communications.

GROSS DOMESTIC PRODUCT
(based on output data)
at constant factor cost
1975=100, seasonally adjusted

1973		103.8
1974		101.9
1975		100.0
1976		102.2
1977		104.7
1978		107.8*
	1st	106.1
	2nd	108.3
	3rd	108.6
	4th	108.4*

* Preliminary estimate

Source. Central Statistical Office

This slow-down came after rapid expansion in the April to June period, when total output rose by 2.1 per cent compared with the preceding three months.

The burst of growth was sufficient to ensure that for 1978 as a whole, Gross Domestic Product increased by 3 per cent compared with 1977, representing the best performance since 1973. This was the main reason for the drop of 100,000 in adult unemployment last year.

The levelling-off in economic activity after the rapid expansion of the late spring was probably the result not only of last autumn's strikes but also of a slower growth in real incomes in the second half of 1978 coupled possibly with lower stockbuilding.

A slightly more encouraging picture of a slow recovery in orders and output in the latter part of 1978 had been suggested by survey evidence. Yet the latest Confederation of British Industry monthly trends inquiry, published yesterday morning, suggested that demand had weakened in the last two months.

The expectation of most economists is that the rate of growth in total output will be

Continued on Back Page

Germany pays less to EEC

BY JONATHAN CARR IN BONN

WEST GERMANY'S net payment to the Common Market last year was more than DM1bn (£270m) less than in 1977—thanks mainly to the Common Agricultural Policy. This is the third successive year in which the net payment figure has fallen.

The figures, included in the Bundesbank's February report released yesterday, are likely to be noted with interest in Britain whose net payments to the EEC budget have been increasing.

Britain has constantly urged a change in the CAP, which takes up some 70 per cent of the EEC budget and which it feels works to its serious disadvantage.

In November Mr. James Callaghan insisted publicly that Britain must not become the biggest net contributor to the budget. It is second after the West Germans.

The Bundesbank report shows that, exceptionally, West Germany was a net recipient of EEC funds in the last three months of 1978. A total of DM 3.3bn (£890m) was paid to West Germany — DM 700m (£190m) more than was received from it. This is one reason why the West German traditional deficit on transfer sums in its balance of payments totalled only DM 2.8bn in the past three months compared with a DM 4.5bn deficit in the same period of 1977.

The report shows a net West German contribution in 1978 of DM 2.1bn. This compares with DM 3.2bn in 1977, DM 3.7bn in 1976 and DM 3.8bn in 1975. The figure was DM 1.98bn for 1974.

The explanation is that while the Germans are constantly paying a bigger gross contribution to the EEC (last year it rose by about DM 1bn to DM 10.7bn) they are also receiving more as a result of EEC policies.

Officials make clear that this is primarily due to the operation of the CAP, in particular that part of it going to intervention — the buying on the community's behalf of surplus farm production.

But not all West German Government officials are happy about the trend. Even though the net payment figure is declining, it is widely felt a growing transfer of tax revenue is taking place on behalf of an increasingly complex and partly wasteful farm policy.

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Sharp attack on Gaullists at UDF national congress

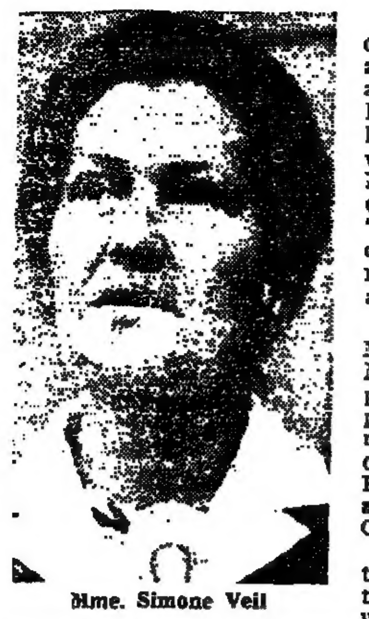
BY ROBERT MAUTHNER IN PARIS

THE ALREADY tense relations between the two main French coalition partners deteriorated further over the weekend when the Gaullists came under sharp attack from leaders of the Giscardian UDF party at its first national congress.

Main targets at the congress were M. Jacques Chirac, the Gaullist leader, and M. Michel Debre, a former Gaullist Prime Minister, who were accused of fanning the flames of xenophobia in France by their hostile pronouncements on Europe and the forthcoming European elections.

Stung by Gaullist criticisms that President Giscard d'Estaing and his supporters were prepared to sacrifice French independence on the altar of European integration, the congress unanimously adopted a resolution stating that a confederal Europe would respect national sovereignties.

"Those who through blindness or for ulterior motives attempt to set France against Europe and the French against the Germans are irresponsible," the resolution stated bluntly.



Mme. Simone Veil

This statement clearly referred to the repeated charges by Gaullist leaders that West Germany was again trying to dominate Europe and that the present troubles of the French steel industry were the direct consequence of the European Commission's Davignon plan.

M. Jean Lecanuet, the UDF chairman, was biting in his attacks on M. Chirac, whom he accused of going back on the European policies which the latter had endorsed when he was President Giscard's Prime Minister. M. Lecanuet also criticised the Gaullist leader for "pursuing a policy of quasi-opposition" within the Government coalition, while theoretically supporting it.

It is widely expected that Mme. Simone Veil, the Health Minister, who regularly tops public opinion polls as the most popular member of the Government, will head the UDF list of candidates for next June's European Parliament elections, and will resign from the Government shortly.

The most original proposal at the congress was for the creation of a wealth tax to help unemployed workers in ailing industries such as steel, to be levied on fortunes exceeding FFr 2m (£234,000). The proposal is reported to have the backing of several Ministers and could be adopted formally by the Cabinet in the near future.

Bonn bid to break Turkey aid deadlock

By David Tonge

AN ATTEMPT to break the deadlock between the Turkish Government and the Western countries which are considering economic aid for Turkey is to be made this weekend in Bonn.

The Guadeloupe summit agreed that urgent aid should be given to Turkey. Concerned at the large sums required, Britain, France, the U.S. and West Germany asked the Organisation for Economic Co-operation and Development to co-ordinate their rescue programme.

The OECD has since been insisting on Turkey taking measures which its Government considers politically unacceptable, according to Turkish officials. These include meeting the stiff requirements set out by the International Monetary Fund in order to release the third credit tranche of the $450m which was agreed with Turkey last April. The OECD is also reported to be calling on Turkey to open its doors to foreign investment and to curtail its large public sector.

The Turkish Government, fighting a battle for survival, is delaying taking such measures. Now Mr. Ziya Muezzinoglu, its Finance Minister, is to leave the current budget debates in Ankara and fly to meet Mr. Emile Van Lennep, secretary-general of the OECD, and a minister of state at the West German Foreign Ministry.

The West Germans have been leading attempts to start the channelling of fresh funds to Turkey. Rescheduling the country's debts—the largest-ever such operation with more than $6bn involved—is nearly complete. But for Turkey to overcome its economic crisis and resume growth it is going to require over $10bn aid in the next five years, according to bankers involved in the restructuring.

Swedish report calls for lower taxes

BY WILLIAM DULLFORCE IN STOCKHOLM

CUTS IN income tax, a thorough revision of the whole tax system and the introduction of fees for public services are among the more controversial recommendations of the special "economic delegation" appointed last year by the previous Government to advise it on the "renewal" of Swedish industry and commerce.

The delegation proposes ways of creating greater flexibility on the labour and capital markets and of revitalising the stock exchange. It also recommends that a study be made of the consequence of "allowing foreign banks to establish themselves to a greater extent in Sweden, in order to stimulate competition."

The delegation, which comprised five professors, three leading business personalities and a former governor of the Riksbank (central bank), submitted its report yesterday to Mr. Ola Ullsten, the Prime Minister in the liberal minority Government. The delegation was the brainchild of Mr. Thorbjoern Faelldin, Premier in the three-party coalition which collapsed last October.

The nine members assume that Sweden will continue to operate a market economy heavily exposed to foreign influences and to maintain a large public sector. To balance social and economic demands within this framework, the economy would have to achieve a long-term real growth rate of between 2 and 4 per cent a year, they calculate.

They diagnose a deterioration in the functioning of the Swedish economic system in recent years, which has especially affected cost developments, industry's competence and ability to adapt to change and a further deterioration of incentives for both individuals and companies to produce and innovate.

The delegation's main message is that the development of Swedish industry and commerce depends on the general economic and social climate created rather than on specific Government industrial policy measures. Its general conclusions can be summarised in the following points:

- The general cost level per unit of production must be kept on par with Sweden's most important competitors' cost levels.
- The Swedish markets, including labour and capital, must operate more smoothly.
- There must be sufficient economic incentive to work, train for a profession or trade, to take initiatives and to innovate.
- Higher standards must be introduced to the education system to improve Swedish performance in all fields.

The delegation attached great importance to obtaining healthy cost and profit developments. To this end it advocated a division of functions between the State and the labour market organisations. By demand, tax and foreign exchange policies, the State should create the conditions for real income improvements within limited increases in nominal wages and salaries.

The employers and unions must be kept free to bargain within this framework. Wage levels should be determined by the sector of the economy which is exposed to foreign competition.

Among several proposals to stimulate technical development the delegation suggests the formation of "national development projects" within information technology, micro-electronics and biotechnology. Several hundred million kronor (SKR100m = £11.5m) a year would be spent on these projects mainly in the form of State and local authority orders.

Income tax limit proposed

BY OUR STOCKHOLM CORRESPONDENT

THE Liberal minority Government yesterday proposed to the Swedish Riksdag (Parliament) an 80 per cent tax ceiling for all incomes up to SKr 171,000 (£20,480) a year. The limit would be 85 per cent for larger incomes.

The ceiling would be applied to the combined state and local authority tax on incomes. The change is expected to cost the Treasury SKr 4.45bn (£532m) a year.

Mr. Ingemar Mundebo, the Budget and Economy Minister, also proposed cuts of 1—5 per cent in state income tax on earnings between SKr 34,000 and SKr 114,000 a year, with effect from January 1 next year. Taxpayers who would benefit most would be those in the SKr 57,000-85,000 bracket.

Trade shows surplus in January

BY DAVID WHITE IN PARIS

FRANCE SCORED a narrow surplus in its seasonally-adjusted trade balance last month, reinforcing the recovery which left trade FFr 2.5bn (£293m) in the black last year.

Although amounting to only FFr 81m it was the first January surplus for four years.

Exports on an adjusted basis rose from FFr 30.54bn in December to FFr 31.84bn, while imports increased at a slower rate from FFr 31.41bn to FFr 31.79bn. Food trade, which accounted for a big gap in January 1978, moved into surplus to the tune of FFr 156m.

The better trade picture is overshadowed by oil price increases, however. M. Rene Monory, the Economy Minister, warned at the weekend that recent increases, including those announced by Qatar and Abu Dhabi, might burden France with an extra bill of FFr 10bn this year.

The Government meanwhile is offering a stimulus to investment by cutting interest rates on long-term loans from official agencies. M. Monory said the 0.75 per cent reduction, which follows a lower interest rate trend on the bond market, would apply to loans from the Government's Economic and Social Development Fund and other loan bodies.

The Government would also step up efforts in the food sector, in particular by promoting exports development. M. Monory said the sector was capable of creating "tens of thousands of jobs."

Portugal seeks UK help to boost farming

BY JIMMY BURNS IN LISBON

"I'M NOT going to beat around the bush. We need help and we're going to ask for it," Dr. Apolinario Vaz Portugal, Portugal's Minister of Agriculture and Fisheries, told the Financial Times on the eve of his six-day official visit to Britain this week.

It was a characteristic remark from a man who has personified the style of Portugal's non-party Government—technocratic and tough, and controversially different from previous administrations.

Dr. Portugal manages to be the most admired and most hated Minister in Portugal. His decision last summer to push ahead with the return of large areas of collectivised farmland to private hands won him the applause of the country's right-wing and the virulent condemnation of the Portuguese Communist Party.

Yet his visit to Britain, the first visible result of President Antonio Ramalho Eanes state visit last November, is being made in the knowledge that the "political" fight in the agrarian sector is perhaps already over and that it is time to start talking about straight economics.

As a World Bank study of Portugal recently noted: "There is a sense of urgency about revitalising Portuguese agriculture and Fisheries."

The return of land to private ownership is only one aspect of an overall plan to develop one of the weakest sectors of the economy. Despite having 27 per cent of its population working on the land, Portugal has the lowest productivity per acre of any country in Europe. In order to feed itself the country has to import food with a consequent strain on the already weak balance of payments.

Along with oil, foodstuffs is the largest single category of imports (18 per cent) in the balance of trade.

Against this background, Portugal is looking towards Britain not only for technical assistance but also for substantial credit lines mainly in the form of export finance to "help" in the sector's lift-off.

Significantly, the visit of Dr. Portugal and a high level delegation, which includes officials from the Ministry of Finance, follows the publication of the Government's budget and short-term economic plan. Both have singled out the Agrarian sector as a priority area.

The Portuguese Government has allocated Es 11.8bn to Dr. Portugal's ministry, a 60 per cent increase on last year and sweeping reforms are expected to be included in a national plan due to be published by this April.

Dr. Portugal over the next few days will be sounding out officials at the UK Ministries of Agriculture and Overseas Development as to exactly what contribution Britain will be prepared to make over what are likely to be crucial months ahead.

Some areas expected to be of particular interest for the Portuguese are those of horticulture animal feeding, milk and meat production, and all sectors in which Britain is advanced and Portugal deficient. A £5m credit from Britain last year is already being used in this respect.

Equally important for Dr. Portugal and his team will be to secure training schemes for Portuguese agricultural managers.

Closer co-operation with Britain is also being keenly sought by the Portuguese in the fisheries sector. Despite having the advantage of a rich fishing zone of 250 miles of Atlantic Ocean, Portugal's structural weaknesses make it impossible to exploit them fully. The modernisation of the fishing fleet is another of the Government's main aims, and it is a field in which Britain is expected to be asked to play a rôle.

Britain, for its part, is expected to look at the possibility of securing new orders, not least for the state-owned British Shipbuilders which has had initial talks with Portuguese shipping companies.

Inevitably, too, Dr. Portugal is expected to be reminded of the outstanding claims of eight British farmers who lost 7,258 hectares of land in Portugal as a result of a left-wing military coup in April, 1974.

Dutch payments outlook worse

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND'S 1979 balance of payments deficit is likely to be much greater than expected, according to latest estimates. The deficit is now forecast to be around Fl 3.5bn (£873m), according to Mr. Gijs van Aardenne, the Economics Minister, and Mr. Frans Andriessen, the Finance Minister, in a statement to Parliament.

Successive revisions of the estimates have seen the current account plunge from the original forecast of a surplus of Fl 6bn to a large deficit. Up until last November the financial authorities were still officially forecasting a surplus.

In that month Mr. van Aardenne put the deficit at Fl 1bn-Fl 2bn but this estimate was raised to Fl 2.5bn-Fl 3bn in January.

The rapid turn-round has been caused to a large extent by a worsening of the "invisibles" position, the Ministers said. Spending by Dutch tourists abroad was higher than expected, while spending for foreign visitors in Holland has remained static. Dutch holiday-makers spent an estimated Fl 7bn abroad in 1978 compared with spending by foreigners in Holland of only around Fl 3bn.

Imports were higher than anticipated due to an incidental increase in industry's stocks and a high level of imports of consumer goods. On the export side, natural gas deliveries have slowed as a result of the renegotiation of contracts, at Holland's initiative.

Definitive figures for the balance of payments are expected from the Central Planning Office next month. Before the recent increase in the expected deficit, the Dutch balance of payments was forecast to be in balance in 1979. In 1977, the balance of payments showed a surplus of Fl 1.1bn.

The rapidly worsening payments position was one reason for the central bank's announcement last week that it will continue its curbs on lending for a further nine months, up to the end of 1979.

Swiss A-poll result shows jobless worry

By Brij Khindaria in Geneva

THE REJECTION by Swiss voters of a popular initiative aimed at muzzling the development of nuclear energy is seen here as a victory, albeit small one, for supporters throughout Europe of the nuclear alternative to oil-based energy.

It also highlights Swiss gloom about economic prospects and demonstrates that unemployment is rated as a greater danger than radioactivity and mismanagement of nuclear waste.

The referendum that defeated opponents of nuclear energy by a 2.4 per cent margin is held up as being representative of the way voters would poll in most European countries in similar referenda.

Industry has heaved a temporary sigh of relief and the Government wasted no time in hailing the rejection as a triumph for commonsense. However, mindful of the still powerful anti-nuclear lobby, federal councillor Willi Ritschard said the 920,000 votes against nuclear energy were being treated by the Government as a warning that there is no carte blanche for unbridled development of atomic power stations.

Opponents of nuclear energy reacted sharply to the defeat and charged that industry, government and the mass media ganged up against them. They noted that the biggest "yes" to nuclear energy came from the remotest cantons, some of which do not possess even a university.

Belgian interest cuts likely

BRUSSELS—Further cuts in the Lombard rate and the discount rate on "B" quota loans are likely after the latest fall yesterday in short-term Belgian Treasury certificate rates, foreign exchange dealers said.

It would be the third cut this year since these important reference interest rates were cut from 8.5 per cent in mid-January to stand now at 7.5 per cent. It would also be in line with the national bank's policy of cutting credit costs to encourage industrial investment, the dealers said.

The Lombard rate is the rate for normal monthly advances while commercial banks can discount one quarter of allowable bills at the penal "B" quota rate after they have used up their three-quarter allowance for "A" quotas at the bank rate of 6 per cent.

The dealers said cuts in these rates of between ¼ per cent and a ½ per cent are likely when the bank's ruling authority assembles for its routine weekly meeting tomorrow. However, they added that a further reduction in these rates could weaken the franc. Market conditions had changed since the other cuts were made.

Some operators said the authorities would like to cut rates before the opening of subscription lists for the new BFr 10bn bond for the State credit agency.

Irish postal strike

Irish postal workers started a week-long strike from midnight on Sunday night to press their claim for a 37 per cent pay increase, Reuter reports from Dublin. The action by about 13,000 postmen, telephone operators and counter-clerks will stop all postal deliveries, operator-assisted telephone calls and social welfare payments normally made at post offices, but emergency telephone service will be maintained. Mr. Padraigh Faulkner, the Irish Posts and Telegraphs Minister, who offered the workers an 8 per cent pay rise, had suggested that the dispute should be sent to arbitration.

West Germany confident of oil supplies

By Jonathan Carr in Bonn

THE WEST German Government and monetary authorities are showing marked confidence that the domestic economy can ride out the impact of the unrest in Iran without suffering serious harm.

In an interview at the weekend, Count Otto Lamsdorff, the Economics Minister, said the Iran events had served to emphasise the serious oil supply problems which could hit the West in the second half of the 1980s.

But at present overall oil deliveries to West Germany were higher than at the same period last year. He relied on the market to regulate supplies just as it had during the crisis of 1973-74, and he ruled out precautionary intervention.

Count Lamsdorff agreed that a further serious increase in the oil price could dampen West Germany's increasingly strong economic upswing.

Hungary tightens exchange controls for visitors

BY PAUL LENDVAI IN VIENNA

HUNGARY has tightened its foreign exchange and customs regulations. The new measures will affect Western tourists, East European visitors and Hungarians traveling to the West.

The changes have been prompted by the need to thwart speculation and black market dealings. In recent years the number of visitors to Hungary has risen rapidly, but the foreign exchange intake has been lagging behind the rise in overnight stays.

Foreign tourists from the West will now receive about 25 per cent more when they change their money at the official rate. Previously the so-called commercial rate was twice the tourist rate. The gap has been narrowed to 75 per cent.

Thus the commercial rate for the U.S. dollar remains 35.58 forints, but the tourist rate rises from Ft 17.79 to Ft 20.33. The pound is up from Ft36.29 to Ft 41.52.

It is hoped the more favourable rate will persuade Western tourists to stay longer. Last year Hungary was visited by 1.7m Western tourists.

Foreigners will, however, be permitted to take into Hungary only Ft 100 in coins instead of up to Ft 400 in notes. This regulation is related to the liberalisation of travel between Hungary and Austria. Austrians, particularly, used short visits to buy great quantities of food, including meat which is sold at subsidised prices in Hungary.

Hungarians and Poles will now be obliged to exchange a certain quota of money before they enter or leave Hungary. About 3m Poles visited Hungary last year and many engaged in black market dealing, exploited the artificial exchange rates. The same applied to Hungarians going to Poland. It is expected that restrictions will be announced soon for visitors from Czechoslovakia who numbered 6.5m last year.

Scheel starts official visit to Austria

VIENNA — Herr Walter Scheel, the West German President, flew into Vienna yesterday for a five-day official visit to Austria.

President Scheel said in an interview published here on the eve of his visit that West Germany could not be surpassed by any country "in respecting Austria as what it wants to be and what it is."

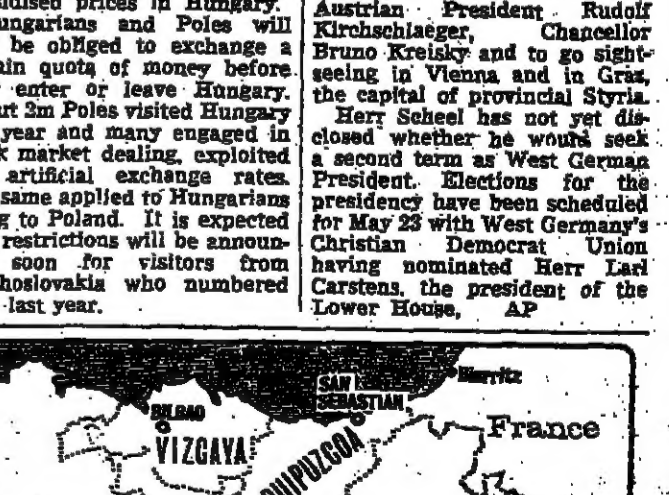
During the five days of his stay, Herr Scheel was scheduled to have talks with Austrian President Rudolf Kirchschlaeger, Chancellor Bruno Kreisky and to go sightseeing in Vienna and in Graz, the capital of provincial Styria.

Herr Scheel has not yet disclosed whether he would seek a second term as West German President. Elections for the presidency have been scheduled for May 23 with West Germany's Christian Democrat Union having nominated Herr Karl Carstens, the president of the Lower House. AP

NATIONAL AND MUNICIPAL ELECTIONS IN SPAIN

Navarra: Caught in the crossfire of the Basque war

BY DAVID GARDNER IN BARCELONA



CROSSING the border into Navarra from the south can be a mixed experience. The towns on the northern banks of the Ebro — the rich arable strip known as La Ribera—all boast the inevitable signs indicating "You are now in Navarra" frequently on the site of the old Customs posts of the ancient kingdom of Navarra. But many of the signs have been daubed with the anti-Basque addendum: "Euzkadi (the Basque country) 180 km further on."

This assertion is less convincing after one has moved cautiously towards the first road block. For although the Government and the Government-controlled Press and television take great care to mention the three Basque provinces of Vizcaya, Alava, and Guipuzcoa separately from Navarra, for security purposes Navarra is Euzkadi, and there are now more para-military forces concentrated in Navarra than in Alava and the nationalist stronghold of Guipuzcoa. If the Basque country is Spain's most intractable problem, there is no solution conceivable without resolving the contentious issue of Navarra's future relations with the Basque region.

The split dates from the Civil War, when the powerful and traditionalist Carlist section of the population fought alongside Franco, while the rest of the Basque country sided with the Republic. As a reward, Franco allowed Navarra a degree of autonomy which the regions in the present Government are unlikely to achieve for some time.

Navarra's *diputacion foral* or provincial government, for example, last year disposed of a budget worth Pts 19bn (£137m). Its fiscal autonomy meant that in 1964-74, the key years of Spanish industrial development, it was able to invest Pts 11.8bn in industry, creating 30,112 jobs, and becoming the province's largest employer in the service sector.

It was also able to attract industry into this predominantly agricultural area — one in six Navarrans still work on the land — through a variety of attractive tax and investment concessions.

The culmination of this policy was to have been the establishment of Ford-Espana in Pamplona. Ford was instead set up in Valencia, a switch for which Pamplona's Chamber of Commerce believe the Valencian lobby in the then Government, and the 1973 general strike in Pamplona, were responsible.

That strike was the most virulent faced by the Franco regime up to that time, and was put down by para-military military force. It marked the beginning of Navarra's radical change in character, and convinced the Government that Pamplona's dense industrial belt was already sensitive enough without Ford.

The strike was followed by progressively closer relations with the rest of the Basque country—by now the pivot of the opposition to Franco—and the resurgence of nationalism in Navarra. Even the Carlists, whose fearsome *requetes* had fought so savagely against the Republic during the Civil War, were transformed into a democratic Socialist party, under the leadership of Prince Carlos Hugo de Borbon, the Carlist candidate for Navarra in the forthcoming elections.

The province's peculiarity was underlined in last year's factory council elections. Navarra was the only province where the Maoist *Sindicato Unitario*, a minority union, edged out the main trade unions—the Communist-led Workers Commissions and the Socialist General Workers Union, which in Navarra are dominated by Trotskyists.

The neo-Fascists were not easily reconciled to this state of affairs and have organised frequent provocations in a bid to put back the clock. The two worst incidents were the massacre of Carlist pilgrims at Montejurra in May, 1976, and the unprovoked attack on Pamplona's bull-ring by riot police last July, both of which were followed by the violent general strikes throughout the Basque country.

The Basque separatist guerrillas of ETA have also begun to devote more attention to Navarra, and almost a third of their members detained in the past months were captured here.

Attempts by the Government to resolve the issue have at best been ambiguous. In the general election of June, 1977, the governing union of the democratic centre (UCD) allied itself with the powerful vested interests grouped round the *Diputacion Foral*, which in their turn are closely associated with the extreme Right.

Although this group won a majority of the seats, it failed to mobilise significant support for its radically anti-Basque postures based on an appeal to Navarra's specific identity. The Government, as a consequence, agreed that the province's incorporation into the autonomous territory of Euzkadi—where the nationalists and the Left would have a clear majority—would be decided by referendum.

This referendum will be on the basis of a recommendation from the Foral Council, to be elected during the municipal elections on April 3. However, last week, and with 24 hours left for candidates, documents to be handed in, Sr. Carlos Garaicoetxea, president of the Partido Nacionalista Vasco (PNV), was still trying to get the authorities to specify who is eligible to stand.

The composition of the Foral Council is also worth remarking. Pamplona, with more than half the population of Navarra, has two out of seven seats, the Basque-speaking region to the north has a further two, while La Ribera, where the Diputacion's writ runs virtually unaround a fifth of the population. checked has three seats for

Furthermore, the small print stipulates that the referendum can only be conducted in "a climate of peace and stability," which, in the present circumstances, could mean it being put off indefinitely.

In Sr. Garaicoetxea's view this would turn Navarra into the main theatre of the Basque war. For he believes that without an urgent solution to the Navarra issue, and a generous grant of autonomy, the Basque problem will rapidly become a war.

He compares the situation with Ulster in the belief that the unprincipled scrabbling by the Socialist party and the UCD for the region's immigrant vote is creating a dangerous schism in Basque society.

Sr. Garaicoetxea's party will almost certainly win a majority in the rest of the Basque country, but in Navarra it has allied itself with three small left-wing groups in the hope of pick-up up one of the five seats on offer.

Barring surprises, the others will be shared by the Socialists and the UCD. A section of the UCD's extreme right-wing allies has now decided to hoist its real colours, in the form of the so-called People's Union of Navarra (UPN), and may win one seat or even two.

It is more than probable, however, that abstentions will outnumber voters, and neither the General Election nor the more important local elections will reflect the true degree of polarisation here.

The battle for Navarra is likely to endure several years yet, therefore. One of the saner commentaries on the problem is a recent study of the region's resources by a group of engineers, agronomists, and ecologists which bears the terse title of "Navarra: abundance." It reveals Navarra's potential riches in agriculture, hydro-electric power, timber, and minerals (principally potash and manganese), situating the province as the Basque country's hinterland.

It also points out with impeccable documentation that the *Diputacion Foral* has just spent Pta 18bn (£130m) on a motorway used by 7 per cent of the traffic passing through Navarra. The contractors were coincidentally linked with senior figures in the Diputacion.

The same amount of money could have doubled the amount of irrigated land in the province, a project which has been lying dormant for several years, while the number of landless labourers in south Navarra alone has grown to more than 20,000.

But political pressures on the province will mean that the possibilities of even discussing this kind of problem rationally will soon disappear unless the Government elected on March 1 confronts the situation in Navarra and the Basque country with imagination and boldness.

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Study says China controls 50% of its seaborne trade

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

CHINA HAS spent an estimated $1bn on 228 ships in the last three years and now controls well over half of its own seaborne trade, according to a Lloyd's study.

The study, based on the computerised records of ship sales and ship movements kept by Lloyd's of London and Lloyd's Register of Shipping, also confirms other recent estimates that the Chinese fleet now comprises 680 deep sea vessels totalling over 10m deadweight tons (dwt).

The share of the republic's seaborne trade enjoyed by Chinese-flag ships has fluctuated in recent years. In general cargo, the share increased from 33 per cent to 41 per cent between 1976 and 1978, during which time the volume of general cargo trade doubled.

In dry-bulk shipping, the Chinese ships' share fell from 42 per cent to 38 per cent, failing to keep pace with an almost quadrupling of the level of trade and explaining the high degree of Chinese interest in ships of this type last year.

There has been a similar three point decline to a 40 per cent share in tanker shipping, a decline which the authors of the study expect to see the Chinese reverse in forthcoming purchases.

On top of the Chinese vessels, the republic also controls a substantial fleet under Panamanian and British flags through Hong Kong. Although this fleet cannot be accurately assessed, it certainly puts the average share at over 50 per cent.

The study, which is the central feature in a new monthly publication, Lloyd's Shipping Economist, concludes that western shipowners can expect only limited benefit from the Chinese trading expansion. In the longer term, there was a real danger that Chinese tonnage would provide low-cost competition in non-Chinese trade.

It is also clear from the study of shipping movements that Shanghai retains its position as China's most important port, with almost 8m dwt of business in the first 10 months of last year, although the predominantly oil port of Dairen near the Korean border runs a close second.

● The Far Eastern Freight Conference has agreed to defer by one month to April 1 an 8 per cent general rate increase. This follows representations from the Confederation of ASEAN shippers' councils.

Wimpey awarded £55m job in Jordan

By Rami G. Khouri in Amman

BRITISH contractor George Wimpey has signed a $111m (£55.5m) contract to build the solar evaporation system which will form the heart of the Jordanian project to extract potash from the brine of the Dead Sea. It is the single biggest project contract ever awarded in Jordan.

Wimpey will build some 55 kilometeres of earthfill dykes to form about 100 square kilometres of pans within which the Dead Sea's mineral-rich brine will evaporate to leave the carnallite deposit which can then be refined to form powdery potash. Site work is already underway on the project which is to be completed within 37 months.

Mr. Ali Khasawneh, chairman and general manager of Arab Potash Company, told the Financial Times here that the financing package for the $420m project has been completed. It includes raising the equity to $208m, which covers 45 per cent of the project's total costs. The remaining 55 per cent of costs has been covered by soft loans from several Arab and international lending institutions.

● Two British consulting concerns have been awarded contracts to conduct studies on different aspects of improving the quality of life in the mushrooming Amman urban region. The larger of the contracts, worth some $400,000, calls on Halkron Fox to study the optimum means of carrying out a pilot urban development project to upgrade four slum districts of the Jordanian capital.

The second contract with Watson Macksel, worth around $250,000, calls for a study on the most efficient method of collecting and disposing of the city's garbage.

U.S.–EEC progress on chemicals boosts hope for GATT tariff pact

BY BRIJ KHINDARIA IN GENEVA

INDUSTRIAL tariff-cutting talks between the U.S. and the Common Market on chemical products are now moving ahead. This progress could well provide a shot in the arm for the rest of the tariff negotiations in the Tokyo Round.

More optimism is now being voiced here about the prospects of a conclusion to the tariff negotiations, clearing the way for completion of the overall trade package by the end of April or early May.

The Community seems to have obtained some concessions from the U.S. concerning its future chemical product exports and its textile exports. But the executive commission has still to decide whether these are enough to obtain approval from the decision-taking Council of Ministers in Brussels early next month.

The main problem on chemicals was U.S. contention that chemical products which might be developed and exported commercially in the future by the Community would have to face a high customs valuation under the American Selling Price System. This would have meant that the across-the-board tariff cut would start from a higher level because the American Selling Price would be set at a level high enough to include the estimated cost of research and development.

Moreover under the American Selling Price system an imported item is valued not at its invoice price but at the selling price of an equivalent product in the U.S. The Common Market had argued that newly developed chemical products exported by the EEC might never be manufactured in the U.S., thus rendering the American Selling Price method of valuation irrelevant.

Though the U.S. has not yet moved far enough for the EEC, the Community's argument seems to have had some effect. To make a less than satisfactory offer on chemical products more palatable to the Community, the U.S. is trying to improve access to its markets for certain European-made woollen and textile products.

To calm domestic lobbies the U.S. Administration is at the same time promising its domestic industries that imports of those products from the more competitive Far Eastern nations will be more closely controlled. This would be done despite American obligations to promote trade liberalisation under the Multifibres Arrangement (MFA) concluded last year and subsequent bilateral textile trade deals with the Far Eastern suppliers.

Steel is no longer a major problem betwen the U.S. and the Common Market, but the Japanese are still worried that Western nations may gang up against its steel exports. More important is the U.S. demand for lower Common Market tariffs o nimports of paper and paper products. The EEC has so far argued that the mainly small and medium-scale enterprises in most of its member nations are already in trouble because of the high cost of supplies and will not be able to face up to the likely severe competition from American-made products.

The basic shape of an overall tariff trade package has begun to emerge, although Community negotiators are still afraid that the Americans, who say they are now fighting simply to keep their "bottom line" positions from being torn apart, may suddenly return to the conference table in May saying that they just cannot "sell" the entire Tokyo round package now being agreed to Congress.

However, it is felt that such difficulties would arise during negotiations for codes on non-tariff barriers rather than from the industrial tariff-cutting accords.

Japan may liberalise telecom purchasing

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A MEETING of Japan's inner cabinet concerned with economic issues will be held today in an attempt to liberalise equipment procurement by the state telecommunications corporation, Nippon Telegraph and Telephone (NTT). The procurement question has emerged as the crucial issue in economic relations between Japan and the U.S. Its solution could even affect the prospects for success of the Tokyo summit (of leaders of advanced nations) scheduled to be held next June.

In 1978 NTT ordered Y626bn worth of electronic equipment (over $3bn worth) of which 99.5 per cent came from Japanese suppliers, mainly under a system of tendering which effectively excluded foreign bidders. The U.S., in search of moves to close its trade gap with Japan, has focused on procurement liberalisation as the most effective likely means of increasing its manufactured exports.

Liberalisation, however, is opposed by important segments of the ruling Liberal Democratic Party (many of whose members have apparently convinced themselves that to open tenders to foreigners would in itself involve the disclosure of important and highly confidential information about NTT's methods of operation). A senior Government official said recently that the disclosure problem poses at least as many political problems for Japan as the liberalisation of beef and orange imports (over which Japan and the U.S. were at loggerheads during much of 1978).

Tomorrow's cabinet will consider a draft plan drawn up by the Foreign Ministry under which 10 per cent of NTT's procurement would be opened to foreign bidders over a ten year period, but may not be able to reach an immediate decision on its adoption. The Ministry of Posts and Telecommunications, which is responsible for administering NTT, is expected to fight to retain the present system, just as the Ministry of Agriculture last year fought to protect the interests of Japanese farmers.

The procurement issue and the wider question of how to reduce Japan's trade surplus with the U.S. have become major subjects of Government concern following the receipt by Prime Minister Masayoshi Ohira of a letter from President Carter in which the President expressed the fear that the Tokyo summit might be unsuccessful if a start was not made before it in solving bilateral trade problems.

Deutsche Babcock in Korean deal

BY ADRIAN DICKS IN BONN

DEUTSCHE BABCOCK, the West German plant construction and engineering group, has disclosed details of an extensive joint venture with the South Korean diversified mechanical engineering company Daewo, under which Babcock designed equipment will be built in Korea for export.

In the first stage of the project, Deutsche Babcock has already invested DM 10m (£2.7m) in a plant employing some 500 people on production of power station equipment. The company expects to be investing a further DM 10m in the second phase.

Herr Hans Ewaldsen, the Deutsche Babcock chairman, said the company had decided on the joint venture with Daewo because of the cost savings it could achieve through fabrication in South Korea. Production costs were about half those of West Germany.

Deutsche Babcock, faced for sevedal years past with stagnation in the German domestic power plant sector, has been successful in finding new business overseas, to the point where no less than 81 per cent of an order book valued at DM 4.58bn last September 30 was made up of export contracts, compared to 32 per cent of a DM 3.27bn order book five years earlier.

Yet thanks to the remorseless upward movement of the D-mark against other currencies, Herr Ewaldsen said that Deutsche Babcock was unable to produce much more than 40 per cent of this work in its own plants in West Germany. Japanese competitors could tender bids as much as 25-30 per cent lower.

One example of Deutsche Babcock's increasing handicap has been a current contract for brown coal burning boilers for a power station in Australia—a technology in which the company has long experience in view of West Germany's own large brown coal reserves. Yet Herr Ewaldsen said that to be able to fulfil the contract, it had been necessary to get a number of parts fabricated in South Korea.

As Deutsche Babcock sees it, the choice lies not between attempting to struggle on against high domestic costs or "exporting jobs" from West Germany, but between finding an economic way of taking on overseas business or being permanently excluded from that business.

U.S. orders ski-jump for Harrier jets

Financial Times Reporter

THE FIRST export order for a Harrier Ski-Jump has been received from the U.S. Marine Corps by Fairey Engineering, a member of Fairey Holdings.

The Ski-Jump allows Harrier aircraft to take off in restricted space and achieve missions up to 50 per cent longer than the flat launched Harrier because of the increased fuel it can carry.

The initial part of the order consisting of the elevated section is being shipped to the U.S. in February. The total cost including a number of ancillary components is more than £500,000.

Brazil iron ore contract

Over the 10 years starting from 1980, the Trinidad Iron and Steel Corporation will purchase 3m tonnes of pelletised iron ore from Brazil's Companhia Vale do Rio Doce, the state-run iron ore and mining enterprise, Diana Smith writes from Rio de Janeiro.

Italy in Boston project

Societa Generale Immobiliare (SGI), Italy's largest private property and construction group, has won a $150m contract for a 10-year construction and development programme of Boston's Charlestown navy yard district, Paul Betts reports from Rome. Work involves the construction of 1,200 flats, three marinas, parking lots and garages and the reconstruction of the old buildings of the district's former shipyards.

Thai ports to be studied

British consulting engineers, Maunsell, has been awarded a £175,000 contract by the Government of Thailand for a study of the country's coastal ports, Lynton McLain writes. The study is to be completed in 16 months and Maunsell will produce a master plan for the likely future development of the ports. The World Bank is funding the work.

Imports win smaller share of French car market

BY TERRY DODSWORTH IN PARIS

CAR IMPORTERS suffered a setback in France last year, with their sales declining by 4 per cent to take 20.9 per cent of total registrations.

The importers blame the impact of new French models and poor deliveries from their own suppliers for this decline in the face of an expanding market.

Total import sales amounted to 405,932 units, according to the importers' trade association. Ford managed to retain the leading position in the league table with 86,250 registrations against 96,750 a year ago, while Fiat took second place with 70,625 sales. Third place was taken by Volkswagen (56,700 registrations).

The biggest improvement was scored by Alfa Romeo, the Italian State-aided company which raised sales by 33 per cent to take fifth place from British Leyland with 27,000 registrations.

By contrast, the Japanese manufacturers suffered a big reversal. Against 2.6 per cent of the market, in 1977, they dropped last year to 1.8 per cent, with Toyota sales down by almost 19 per cent (12,100 registrations), Datsun 36 per cent (9,120) and Mazda 45 per cent (3,600). Only Honda lifted its sales, with a 10 per cent improvement to 9,400 units.

Importers had more success in the truck industry, pushing up sales last year by 3.7 per cent compared with 1977. Registrations amounted to 47,500 out of a total market of 299,500 units.

All of this improvement was accounted for by lighter vehicles, with the Toyota Landcruiser and Honda vans doing particularly well. The principal importers were Mercedes (11,750 vehicles), Ford (8,324), Fiat (5,405) and Volkswagen (5,122).

BL in talks with Israel over sale of 100 buses

BY L. DANIEL IN TEL AVIV

THREE Leyland Vehicles representatives have been in Israel in connection with the possible sale of buses to the country's largest bus co-operative which operates all inter-urban services.

The co-operative, Egged, has placed a letter of intent with BL for the acquisition of an initial 100 buses—an order worth over £4m—the BL representative said here.

However, no licence has been issued as yet by the Israeli authorities. BL stopped assembly operations in Israel six years ago, allegedly in order to get off the Arab boycott list.

The Israeli Finance Ministry official in charge of anti-boycott activities, Mr. Dan Halperin, said that the Israeli authorities will place the Israeli market only at the disposal of companies willing to set up a local assembly plant and to conclude a buy-back agreement.

However, replacement needs are urgent and part of the buses will have to be bought fully built-up, as local bodymakers will not be able to cope with the hundreds of new buses needed annually.

Maurice Samuelson adds: BL said that although it was keen on selling vehicles to Israel, it would not enter an arrangement which risked the company being put back on the Arab blacklist. BL is currently trying to persuade Kuwait to introduce double decker Leyland buses and would like Iraq, which already has double deckers, to increase its fleet.

THE SINO-VIETNAMESE CONFLICT

Hanoi reveals Cambodia pact details

BY RICHARD NATIONS IN BANGKOK

VIETNAM yesterday gave details of a comprehensive friendship treaty with Cambodia that formalised the relations between Hanoi and the regime which it installed in Phnom Penh last month. It also gave some hint of the posture Hanoi will adopt towards the rest of Asia.

Observers had expected some formal security arrangement between Hanoi and the new Phnom Penh Government to legitimise the invasion force which Vietnam has never admitted is in Cambodia and which now totals some 200,000 men.

But the umbrella phrase in Article 2 of the treaty not only requires both parties to "wholeheartedly support and assist each other in all domains" of national defence, it also links defence with "national reconstruction."

This wide-ranging commitment is further enlarged by the fact that measures to implement it may be taken simply "whenever one of them requires" rather than as a response to a specified threat.

Given that Vietnam already faces the prospect of a protracted guerrilla war against forces loyal to Pol Pot, the former Cambodian leader, which are backed by Peking, it is debatable how much help for Cambodia's "national reconstruction" can be spared. Some observers anticipate however that defence assistance may be repaid with rice for Vietnam.

There is a clearly anti-Chinese tilt to the treaty. More than once in the document the two sides are called upon to co-operate "against acts of sabotage by the imperialists and international reactionary forces," the latter phrase being Hanoi's codeword for China and its allies.

Combined with China's invasion of Vietnam, this treaty can only deepen the polarisation in South-east Asia. The pledge in Clause 5 to strengthen the "fraternal friendship between the Kampuchean, Lao and Vietnamese peoples" echoes the language of Ho Chi Minh's Indochina Federation. The phrase "special relationship" used repeatedly when Hanoi and Vientiane signed a similar friendship agreement in 1976, has been avoided. That phrase was attacked by the former Cambodian Government as a code-word for control by Hanoi.

The treaty stresses good neighbourly relations with Thailand and other countries in South-east Asia. But it simultaneously calls for co-operation with "national liberation movements" (that is, mainly Communist insurgents) to "regain and defend national independence."

This is likely to provoke concern among the leaders of the regions five non-Communist members of ASEAN. It was only last September that Pham Van Dong, the Vietnamese Premier, toured South-east Asia promising that Hanoi would give support to local insurgents.

S. Africa gold sales allegation

By Quentin Peel in Johannesburg

NEW ALLEGATIONS were published here yesterday about the worldwide secret activities of the former South African Department of Information, claiming that the Government used the financial muscle of its gold sales to set up an undercover international financing operation.

The Johannesburg Star also claimed that the Department attempted to gain influence with members of the staff of Governor Jerry Brown of California, as a possible future U.S. president, and "collaborated" in the takeover of a Californian newspaper, as well as attempting to buy a Californian television station.

The report claims that the financing of secret international operations was organised by Dr. Nico Diederichs, the former Finance Minister and late State President. When Dr. Diederichs decided to switch the major part of South African gold sales from London to Zurich, a condition that the Swiss banks should provide special facilities to South Africa was attached

OAU meeting will attempt to end Uganda, Tanzania border war

BY MICHAEL HOLMAN IN LUSAKA

MR. BENJAMIN MKAPA, Tanzania's Foreign Minister, will lead an 11-member delegation to the special session in Nairobi tomorrow of the Organisation of African Unity (OAU) ad hoc committee on inter-state conflicts, meeting in an attempt to stop the Tanzania-Uganda border war.

The OAU Council of Ministers is to meet later in the week. Members of the committee are Gabon, the Central African Empire, Zaire, Togo, Tunisia, Zambia and The Gambia.

However, a senior Government official here stressed that Tanzania's settlement terms for the 15-week dispute remain unchanged. These include a renunciation by President Idi Amin of all claims to Tanzanian territory, reparations for damage caused by Ugandan troops, and condemnation of Ugandan aggression by any mediating country.

Diplomats in Des-es-Salaam are doubtful that Tanzania is doubtful that Tanzania is anxious to reach a settlement with the Ugandan leader. Instead, they say, it seems prepared to hold its ground while anti-Amin forces attempt to overthrow the regime.

Earlier this month President Julius Nyerere warned that Tanzania would cross the border to pre-empt any attacks by Uganda. Tanzanian forces moved into Uganda in January in response to an alleged invasion attempt, but then returned to their positions along the border, according to Government officials.

But last week Western diplomats in Nairobi reported that Tanzanian troops had advanced on a broad front about 40 miles inside southern Uganda.

Meanwhile Mr. Robert Mugabe, the co-leader of the Patriotic Front, told a press conference here yesterday that the Zimbabwe African National Union (ZANU) wing of the guerrilla alliance would ensure that Rhodesia's April general election was "a complete flop."

"We have an anti-election campaign in the making. We are going to fight so that these elections do not succeed," he said.

John Worrall adds from Nairobi: President Amin has already promised the OAU he will withdraw his forces from the border, but President Nyerere has so far given no indication of whether he will withdraw his troops, which are massed along the Uganda border, and have, it is reported, moved over the border in one area.

"We are facing a difficult situation," Mr. Edem Kodjo, the Secretary-General of the OAU said yesterday.

"The Tanzanian President says that Uganda has directed aggression against Tanzania and insists that the OAU should condemn Uganda," Mr. Kodjo said.

"But the OAU cannot under its charter condemn a member state—all we can do is to act as a kind of referee. We have to find all means to bring about peace. The first step is to organise a cease-fire."

Ethiopia, Sudan summit fails

By Our Foreign Staff

SUMMIT talks at the weekend between the leaders of Ethiopia and Sudan have ended in failure. Colonel Mengistu Haile Mariam of Ethiopia and President Jaafar Mohammed Nimairi of Sudan failed even to agree on a joint communique at the end of their meeting in Freetown, Sierra Leone.

The major issue between the two sides was the conflict in Eritrea, northern Ethiopia, where forces fighting for independence use supply lines in Sudan. Despite indications that President Nimairi wanted to see negotiations get under way between Ethiopia and the Eritrean groups, who have suffered serious military setbacks lately, Col. Mengistu is reported to have refused to discuss the future of Eritrea

Rhodesians raid Mugabe base

BY TONY HAWKINS IN SALISBURY

RHODESIAN JETS bombed and strafted a guerrilla storage complex in the Chimoi region of Mozambique yesterday, according to a communique issued by the Combined Operations headquarters.

The official statement said that no damage had been incurred outside the storage camp. It was the second cross-border raid by the Rhodesians within 48 hours, following hard on the heels of an air raid against guerrilla camps close to Livingstone, near the border with Rhodesia early on Saturday morning. The week-end attacks were aimed at guerrillas led by Mr. Joshua Nkomo while yesterday's raid was against the forces of Mr. Robert Mugabe, Mr. Nkomo's partner in the Patriotic Front nationalist alliance.

Rhodesian informants say that the attacks in the past few days were not retaliation for the apparent shooting down last Monday of an Air Rhodesia civilian airliner. They said the raids were part of an exercise aimed at assuring that One Man, One Vote elections could be held in Rhodesia in April.

The Patriotic Front alliance has pledged to disrupt the elections and turn them into "a holocaust."

The Chimoi bases, about 60 miles inside Mozambique, have been attacked on several occasions in the past three years by Rhodesian air forces as well as ground troops. Yesterday's early morning attack was an air strike only and combined operations said all aircraft had returned safely to base. No details were given of the number of aircraft involved nor of the estimated extent of the damage. It was the first admitted Rhodesian raid against Mr. Mugabe's bases inside Mozambique since early December.

With the Patriotic Front expected to step up its assault on Rhodesia over the next 10 weeks—prior to and during the April 20 majority rule elections—both the number and extent of cross-border raids by the Rhodesians is likely to intensify as the security forces seek to prempt the guerrillas.

Oil workers challenge Ayatollah's authority

By Simon Henderson in Tehran

LEFT-WING oil workers are holding out against a full return to work until they have a seat on Iran's revolutionary council. This represents a major challenge to Ayatollah Khomeini, the country's de facto leader.

Oil industry officials say the left-wingers' militancy is one of the reasons why oil production has not reached the level of domestic demand despite the wishes of the Ayatollah.

Other reasons for the shortfall are technical and administrative difficulties after the four-month strike which led to the revolution 10 days ago.

The militancy is likely to be a major problem for Dr. Mehdi Bazargan, the Prime Minister, who is trying to cope with differing opinions on what the level of oil exports should be. He said on Sunday that Iran's revolution would be ruined if oil sales were not resumed. Oil used to earn Iran about $21bn a year, 85 per cent of its export income.

Mr. Bazargan said it would be some time before oil was produced for export but when exports did resume the volume would be substantial. However, Mr. Ali Akbar Moinfar, the plan and budget director, has said that unnecessary extraction of crude oil will be prevented.

Oil experts doubt whether production will ever rise to the former level of 6m barrels a day, of which more than 5m barrels a day were exported, making Iran the world's second largest supplier. Present production is 650,000 b/d.

The workers' full co-operation is necessary because surplus heavy distilates—mainly bunker oil which is not needed in Iran—have to be exported. It otherwise takes up valuable storage space. Gas produced with oil even at low levels of production is also believed to be filling storage tanks, instead of being exported to the Soviet Union as usual.

Left-wing militancy among the industry's 60,000 staff is said to be particularly high at Ahwaz, the centre of the main Khuzestan oilfields, and at Rey, the main Tehran refinery. Feelings at the Abadan refinery, where stoppages were reported two days ago, and at the main headquarters of the National Iranian Oil Company in Tehran are comparatively mild, according to officials. Even at those places revolutionary committees run a command structure parallel to normal management.

Reuter reports: The ransacked building of the Israeli diplomatic mission was handed over to the Palestine Liberation Organisation yesterday after Iran's new rulers had announced the end of all relations with Tel Aviv. The Government announced on Sunday that it was expelling the 67 Israelis remaining in the country, mainly agricultural experts and staff of the airline, El-Al.

Row over perks and pay at World Bank and IMF

BY DAVID BUCHAN IN WASHINGTON

A DOCUMENT known as the Kafka report has set off mutinous rumblings among the 5,000 staff of the World Bank and the International Monetary Fund, the twin multilateral organisations that sit side by side in downtown Washington.

The Kafka committee, which derived its title from nothing more sinister than the name of the Brazilian official at the IMF who chaired it, was set up 18 months ago to examine Fund and Bank pay levels. Its basic aim was to settle U.S. complaints that the Bank and Fund staff are conspicuously overpaid and over-perked by the standards of the country in which they live and work. Certainly, its final report late last month is likely to placate the Carter administration and the Congress — but at the cost of angering many others.

Its broad recommendation that U.S. pay levels should be the yardstick for Fund and Bank salaries has been welcomed by the U.S. treasury, which is also happy with the committee's suggestion of a cut in the take-home pay of U.S. employees of the two international organisations.

Small wonder, says the World Bank staff association: the report might as well have been written by Mr. Michael Blumenthal himself. The association has called the report "a politically inspired document" to buy off Administration and Congressional opposition. Also displeased about the report are many west European countries, plus some high-cost developing countries such as Brazil, which argue that at today's exchange rates and pay levels U.S. scales are nothing like high enough to attract their nationals to Washington.

Criticism by the Carter Administration of Bank and Fund pay is partly inherited from the Ford administration, and partly the result of pressure from Congress. The high salaries, untaxed except for U.S. employees of the Bank and Fund—which reimburses them in any case, are viewed with a mixture of hostility and undoubted jeolousy on Capitol Hill. A sizeable number of Bank and Fund staff make more that the $57,000 annual salary of members of the House of Representatives. This hostility is the more serious because the U.S. is the World Bank's largest donor and the Fund's biggest shareholder, and Congress is really the only Parliament among the 130 member countries of the two institutions which puts Bank and Fund requests through the legislative wringer.

The Kafka committee examined pay levels in 38 private companies in Brazil, France, Germany and the U.S., and ten public sector organisations in Canada, Germany, and the U.S. in its search for a yardstick. It plumped finally for the U.S. market as the proper comparison, on grounds of pragmatism rather than principle, because that is where the Bank and Fund people live and work.

The World Bank and IMF have been criticised by both the Carter Administration and the U.S. Congress for maintaining salaries at levels well above that in most parts of the U.S. private and public sector. A report issued last month has been welcomed by the U.S. Treasury, but has aroused fears from member Governments that unless above average salaries are maintained, the World Bank and IMF will not be able to attract top-level staff.

It did however say salaries for professional staff at the two institutions should be set 10 per cent above a comparable average of U.S. civil service and private sector pay. This was in recognition of the fact that though U.S. cmfwy cmfw vbgkq shrdl mmm salaries in terms of U.S. purchasing power are pretty high, by international standards they are less impressive.

Clearly the Bank and Fund staff are not going to be put on the bread line under these proposals. Some non-American employees may lose up to 5 per cent. Americans may lose up to 2 per cent of their pay, because of a change suggested by the Kafka Committee in the way that the organisations reimburse U.S. employees for the U.S. tax they pay.

But some of these Americans admit they are over-generously reimbursed at the moment. In any case, the cuts would take the less painful form of foregoing future pay rises. The outsider's impression is that Fund and Bank staff are quite well padded—a feeling reinforced by the fact that some Washington real estate advertisements deliberately seek to attract the attention of Bank and Fund people to the upper end of the housing market.

But many of the staff, and some of the richer member governments, argue that as the Bank and Fund are international organisations, their pay should be based on international comparisons. Their practical point is that some countries are already finding it hard to persuade their nationals to come to Washington. Japan, for instance, subsidises the pay of Japanese employees at the two institutions.

The French and German governments have expressed their concern about the difficulty of attracting sufficient continental Europeans to Washington. There is less of a problem with Britain, though officials here report it is nearly impossible to lure British merchant bankers. The World Bank management makes the additional point that their clients and ultimate paymasters — the developing countries — are prepared to pay (out of the interest on bank loans) for the best available experts to manage their aid projects.

Neither the Bank nor the Fund find recruiting easy even at the moment. Fund personnel have highly marketable skills in the private financial sector. The IMF has recently found that about half its job offers under its "young professionals" programme have been turned down.

The World Bank's problem has been exacerbated by its expansion of professional staff, tripling in the past 10 years to 2,290. On average it takes in new employees at the age of 41, a time when most people need a hefty inducement to uproot.

Whether there will be a mutiny is still a moot point. The World Bank management would clearly like to see the Kafka report accepted as a basis for placating Congress, from which the Bank will later this year be requesting a large U.S. contribution to a Bank capital increase. But the Bank rank and file may not be amenable. The IMF at the moment has no such favour to ask of Congress, and its staff have in recent months shown themselves increasingly militant, to the extent of nearly striking last autumn over pay.

Washington shuts down as blizzard strikes

WASHINGTON — One of the worst blizzards in memory left Washington under snowdrifts up to eight feet deep yesterday.

All airports in Washington were closed, and bus and underground train services ground to a halt.

About 15 inches of snow fell in 18 hours, and forecasters said a record amount could fall before the storm passed.

By mid-morning, 23 inches had collected at Washington's National Airpor, forcing it to shut down, with three inches falling in one hour, between 8 and 9 a.m.

Washington's Dulles International airport was also closed. With winds building drifts of up to five feet in some Washington streets, at least 90 buses were stuck.

Amtrak cancelled several trains in the north-east corridor, including five metro-liners between Washington and New York. Air travel was disrupted throughout the north-eastern U.S.

The storm was blamed for at least 13 deaths in six states.

Oil rationing 'unlikely' for Canada

By Victor Mackie in Ottawa

MR. ALASTAIR GILLESPIE, Canada's Energy Minister, said yesterday that fuel oil or petrol rationing in Canada was unlikely this year.

Mr. Gillespie has introduced a Bill into the Commons which would give the Government the authority to "allocate" or ration supplies of fuel oil and petrol.

By the end of this year, however, Canada would be receiving oil from Mexico, he said.

THE MIDDLE EAST

SYRIAN—IRAQI RECONCILIATION

Economic carrots and military sticks

BY ROGER MATTHEWS IN CAIRO

THE planned merger between Syra and Iraq, which could have a major impact on the Middle East power balance, has been accompanied in the past three months by the ritual Arab protestations of unity and brotherhood, but so far by little firm evidence that the stated goal of one flag, one party, one army and even one alternating capital city can be achieved under the present leaderships.

That is not surprising given the near-war between the two countries at times in the past decade. The official view is that "We should make haste slowly" in order to minimise the risk of failure and to ensure that the union is built on solid foundations.

Mr. Amhed Iskander, Syria's Information Minister, one of the most vigorous proponents of full unity, paints a glowing picture of a State rich in oil, full of agricultural promise, a population of around 20m and with a powerful, battle-trained army—a state that would stretch from the Gulf to the Mediterranean "and would allow us to say 'yes' or 'no' to the big powers."

Excited by events in Iran—"a gift from God for the Arab cause"—Mr. Iskander said after the conclusion of the second Syria-Iraq summit meeting in Damascus last week that a third summit would be held in Baghdad within the next three months.

At this meeting, the constitutional framework for the unification of the two countries and the two rival factions of the ruling Ba'ath parties would be agreed. From then on it would be a matter of mechanics, and the Minister though that unity would be a reality by the end of the year.

But even if this is not achieved, a period of wary friendship is of considerable value to both countries, particularly to Syria which would seem to be the net beneficiary in economic terms.

Since President Hafez Al-Assad of Syria made his successful approach to Iraq in late September, following the Camp David peace agreements between the U.S., Israel and Egypt, the two sides have held two top-level meetings, ensured a minimum degree of unity at the 21-nation Arab summit in Baghdad, and reached several bilateral agreements, most of which have yet to be effected.

> "We are not going to resurrect the politically dead, we are going forward," said Mr. Ahmed Iskander, Syria's Information Minister, of the personality differences which have contributed to the bad relations between Syria and Iraq in recent years. Despite strong pressures for improved relations, however, the path to reconciliation will not be easy.

On paper, Syria stands to receive around $1.8bn in Arab funds this year. Of this, some $500m would derive from the so-called but unadmitted Rabat Agreements established after the 1973 war with Israel.

A further $1.3bn would come from the Baghdad summit, which agreed to a special fund to compensate the Palestinians and front-line states for the effective withdrawal of Egypt from the Arab-Israeli conflict.

At best, Syria might expect to receive $800-$900m this year given the vagaries of Arab payments and the fact that some contributors, notably Algeria and Libya, did not meet their Rabat commitments in 1978. Most of this money is likely to go on military expenditure, which has been doubled this year.

In addition, Syria can expect to receive some $90m to $100m a year in transit fees for Iraqi oil when the Kirkuk to Banias pipeline reopens. It was shut by the Iraqis in 1976 in retaliation for alleged Syrian restrictions on the flow levels of the Euphrates river.

The expected revenue is significantly less than Syria was receiving before 1976 and it may be two months or so before oil flows again because of necessary maintenance work and because, it is hinted, Iraq may use it as a political lever.

It is reported, but not yet confirmed, that a trade deal worth about $18m to Syria has also been signed and Damascus will further benefit from the flow of goods across its country to Iraq.

Less quantifiable but probably more important, is the extent to which Syria's mercantile expertise will benefit from a relatively open border.

Other areas of cooperation are being explored, such as agriculture. But with fledgling industries in both countries tending to be heavily protected, the prospects of deeper economic cooperation and integration must remain limited for some while.

If for Syria the economic gain has been the carrot, external pressures have been the stick. Badly stretched by the military and financial cost of maintaining 30,000 troops in the Lebanese peace-keeping operation, then "deserted" by Egypt in the confrontation with Israel, Syria urgently needed to check the debilitating effects of its struggle with Iraq.

Since the start of the reconciliation the wave of Iraqi-inspired bombings and assassinations in Syria has stopped.

Reconciliation also allows the Syrian regime to maintain some credibility as the "heart of Arab nationalism" and in its public commitment to a just solution of the Palestinian issue.

For Iraq, it is a step out of its isolation within the Arab world and opens the door to wider influence, although this will be watched suspiciously by the conservative States in the Gulf.

But the Baghdad regime has its own external constraints and, as a country which is mainly Shi'ite Moslem, must be apprehensive of the massive upsurge of religious sentiment in Iran. The modus vivendi which Iraq had reached with the Shah may have to be re-examined.

All these factors help explain why Syria and Iraq have moved closer together, but they appear insufficient to push the process to full union. That is so primarily because of the deep rift between the two rival factions of the Ba'ath parties, which has continued with varying degrees of bitterness since 1966. Each claims to be the only legitimate representative Ba'athism.

Mr. Saddam Hussein, leader of the Iraqi delegation at last week's summit talks, said before leaving Damascus: "The unity of the party will be the basis and the motor of the union between the two States."

Yet some members of the Syrian Ba'ath are unhappy with what is happening and would be even more concerned if events went much beyond the present "exploratory and preliminary" stage. For many influential non-Ba'athists the prospect of the more doctrinaire Iraquis gaining a greater policy role is equally unattractive.

The progress made towards greater cooperation between the Foreign and Information Ministries will continue, and neither side will contradict stories that a unified military command is being established.

However, those that see in the reconciliation the emergence of a potently aggressive force on the eastern front directed at the swift destruction of Israel are, at best, ahead of events.

President Assad is still believed to favour a negotiated settlement with Israel, and is aware that Syria has little in the way of a military option. It certainly does not wish to give Israel the excuse for a pre-emptive strike. That, combined with domestic political considerations, should ensure that only a token force of Iraqi troops will be allowed on Syrian soil.

Meanwhile, the statement of mutually agreed aims, and the partial realisation of them, is itself a substantial political achievement. If that had been the goal, rather than just the first stage, perhaps there would be rather more optimism for a lasting and soundly based relationship.

Algeria's economic priorities

BY FRANCIS GHILES, RECENTLY IN ALGIERS

COL. CHADLI BENJEDID, who has succeeded Col. Houari Boumedienne as president of Algeria, is likely to maintain the fundamental economic priorities chosen by the late president back in 1966. They include heavy investment in oil and gas and a strong commitment to build a broad industrial base outside the hydrocarbons sector; success here is crucial as the oil will soon start running out.

Algeria is one of the smaller oil producers in OPEC, its production accounting for less than 4 per cent of total OPEC output. Production of crude and condensate was about 57m tons last year and is expected to rise by 1m tons or so this year. Since oil reserves are limited Algeria's hopes are pinned on natural gas.

It has the third largest reserves of natural gas in the world, after the Soviet Union and the U.S.: proved reserves are estimated at 2,974bn cubic feet to which probable and possible reserves of 819bn might some day be added.

Development has proved a slower and more expensive process than expected. The gas, like the oil, lies deep in the Sahara, roughly 600km from the Mediterranean coast. Construction of gas liquifaction plants has been dogged with difficulties.

There have been difficulties and delays both at the Arzew liquefying plant in the west and the one at Skikda in the east. But both Algerians and foreign companies are working much better together today than a few years ago.

This is particularly so at Arzew which is by far the largest gas liquefying base in Algeria. The first plant, known as LNG 1 was inaugurated last year and is functioning well, the construction of the second, known as LNG 2, is making good progress, and the commissioning of the third, known as LNG 3, has just been announced. When completed it will be the largest of its kind in the world.

Marketing has been another hurdle. Sales contracts with European customers have proceeded apace but in the U.S., the Algerian state oil and gas company has faced an uphill battle.

Algeria is a hard-line Arab state and the embargo on oil in 1973 had raised doubts as to the security of the U.S. tying itself to 20 year supply contracts.

Sonatrach, the state oil company, accounts for the lion's share of Algeria's borrowing in the international financial markets. The company borrowed about $3bn last year, is expected to borrow as much in 1979 and just below $3bn next year.

Sonatrach's investment, production and sales projection to AD 2005 were analysed in a document published last May, "The Hydrocarbons Development Plan of Algeria," which was produced with the help of Bechtel Corporation, the California-based company which is supervising the building of a number of Sonatrach plants. The projections made in this document provided bankers with the first reliable long-term projections they got from Sonatrach.

The company plans to borrow $17.3bn by the year 2005. Meanwhile repayment of foreign debt will rise from $122m annually to $2.06bn in 1984-1985. Thereafter it will decline, falling to less than $1bn after 1988. If developments, particularly in the gas sector, go according to plan, the net foreign exchange inflow to Sonatrach over the next 10 years will oscillate between $8-9bn (in 1977 that figure was just over $5bn). Costs however will be incurred essentially over the next eight years (85 per cent of the projected $33.4bn investment).

UK NEWS

Harland & Wolff workers warned

By Our Belfast Correspondent

HARLAND AND WOLFF, the State-owned Belfast shipbuilder, has warned its employees that they must significantly improve performance if the yard is to avoid massive redundancies and even closure.

Mr. Ronald Punt, managing director, said in a message to the 8,000 workers that the order book was better than any other UK yard, but the company's position could deteriorate if it did not put its house in order.

"Our performance during 1978 was bad, compared with what we have done in the past," he said. "Our productivity fell and our programme slipped badly."

Urging flexibility of labour, more effective overtime working and a cut in absenteeism, he said Harland and Wolff's future lay in the building of smaller and more advanced vessels like the cross-Channel ferries and liquid gas carriers now under construction.

Delivery dates

British Rail had agreed to buy three ferries with the probability of a fourth if the yard could deliver on time.

"But if we do not meet our delivery dates we won't get more orders and if we don't get those orders we will have massive redundancies or the yard will close. Nothing is so final as having no work to do," he declared.

The only solution to overcapacity was the closure of a considerable number of yards throughout the world.

"It is for this reason that some people are already demanding that the EEC as its contribution should cut capacity by about 40 per cent. I am sure that our competitors would not mind if the closure of Harland and Wolff were to be the first step in that direction, but it is our job to make sure that it is not."

McNeill £1m assets are distributed

Financial Times Reporter

RECEIVERS AT the Northern Ireland-based McNeill Group said yesterday they had sold or realised more than £1m of its assets, although other large parts of the group remain unsold.

The main sale, worth more than £600,000, is of McNeill's interest in a contract with the Libyan General Building Corporation. The contract has been taken over by Michaelides Construction. Arrangements have also been made to dispose of three other McNeill group subsidiaries.

Of the group's 16 operating division nine are being handled by receivers called in last November when it had bank debts of more than £3m.

Medieval priory uncovered

MUSEUM OF LONDON archaeologists who are excavating a site in Mitre Square in the City have uncovered part of a twelfth-century priory, the prior's house and several burials. Before the dig ends this month they hope to find traces of Saxon and possibly Roman occupation.

Spending on food starts to rise again

BY CHRISTOPHER PARKES

CONSUMER spending on food touched bottom in 1977 and is on the way up again, Ministry of Agriculture officials claimed yesterday.

After a decline of 0.6 per cent in real terms during 1977, bringing the total fall since the start of the decade to about 6 per cent, early Ministry estimates showed a 2 per cent upturn last year.

During 1977, spending on food for eating at home averaged £5.10 a head, according to the latest survey on food consumption.*

This was 16 per cent higher than the previous year's average but 0.8 per cent lower after allowing for inflation.

During the year, consumption of broiler chickens and frozen "convenience" meats, like hamburgers, rose to record levels. There was also a marked increase in the amount of flour bought.

By contrast, intake of lamb, fish and bread fell to the lowest levels ever recorded.

Shoppers bought less cream but more ice cream, more bacon, and fewer eggs.

Bread consumption fell, helping to depress sales of jams and marmalade. Sales of butter and cooking fats were also reduced, while purchases of margarine, particularly soft types, increased.

Ready-made breakfast cereals tended to displace oats. But milk intake was depressed by falling sales of tea, coffee and cocoa, which also hit sales of sugar. Tea consumption fell to its lowest level since rationing and coffee the lowest for 10 years.

People ate less fruit, green vegetables and potatoes, but made up to some extent with more root vegetables and salads. There was a big increase in sales of frozen vegetables while consumption of canned produce remained stable.

Rice consumption increased to offset the fall in potatoes. The conventional potato market was severely affected by the boost given to home production on allotments and in gardens by the record high prices during the drought of 1976.

The Ministry said that, during 1977, about 17 per cent of potatoes consumed in Britain were produced by home gardeners.

The food survey team's job is being made more difficult in the 1970s by the growing throng of householders using deep freezers. Last year, about 40 per cent of houses had a freezer, the Ministry said, compared with 36 per cent in 1977 and 8 per cent in 1972.

Changes in prices and spending patterns have led to a reduction in each person's daily intake at home of about 200 calories. But this has probably been offset by a "remarkable" increase in the consumption of alcoholic drinks, and a rise in the number of meals eaten away from home.

Neither eating out nor drinking habits, however, are covered in the Ministry's annual report.

Household Food Consumption and Expenditure: 1977, HMSO £4.50

Public sector borrowing 'could rise to £10bn'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing in the financial year starting in April could rise to between £9½bn and £10bn on the assumption of a 14 per cent increase in average earnings in the current pay round, according to City stockbrokers Phillips and Drew.

In the brokers' Market Review, Dr. Paul Neild estimates this level of borrowing on the assumption of a 15 per cent rise in private sector earnings and a 12 per cent increase in public sector earnings along with an increase in personal income tax allowances in line with inflation.

This compares with the £8½bn projection for 1979-80 by the Treasury last November. Dr. Neild suggests that public sector borrowing would have to be pruned to this level at most to avoid an undue risk to sterling.

A cut of this size would require fiscal deflation of nearly £2bn, rather higher than the size of the cut itself because of the boost to borrowing that results from a slow down in economic activity.

In another article in the review, it is suggested that the earlier pessimism of the gilt-edged market was overdone with institutional liquidity now relatively high and with fiscal action likely to be taken in due course.

Brokers L. Messel estimate in their weekly gilt monitor that institutional liquidity at the end of January was about £4bn. This is very high by past standards, particularly in relation to market values of institutional holdings. In spite of the large official gilt sales recently, institutions still have plenty of firing power to enable the authorities to meet their monetary targets."

The brokers also say that the current high real interest rates may induce companies to repay recent bank debts in the second quarter. This could "reduce domestic credit expansion in the critical period when sterling is usually weak for seasonal reasons—and might perhaps prevent the exchange rate deteriorating at all."

Brokers Laing and Cruickshank argue in another circular that on the basis of pay rises of 14 per cent in the current round public sector borrowing may be around £10bn in the next financial year.

The firm sees Britain's economic expansion being practically halted during the next 12 months though Minimum Lending Rate, currently 14 per cent, has "every chance" of declining to single figures by the end of this year.

Supermarket stocks fell by 50% during lorry strike

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SUPERMARKET stocks were cut by half during the lorry drivers' strike, according to new trade figures published yesterday.

The Nielson market research company said that its survey of 52 major brands in multiple grocers showed that January stock levels fell 50 per cent below those of November with stocks of some popular products at 60 per cent below a normal month.

Grocery items most affected were short-life products, such as dairy foods, which are delivered at regular intervals.

Brands and sizes for short-life gods were in very short supply.

Drinks and beverages were least affected, with stocks in multiples just 11 per cent below the November level.

Although the shortage of short-life products mostly affected the South, Scotland and the north of England were most badly hit overall. In Lancashire stock levels were 41 per cent down on November, while multiples' stocks in East Anglia were only 23 per cent lower.

Nielson said yesterday that early figures show an improvement in the stock level since January and it expects stocks to be back to normal by end of March.

Figures from the AGB research company, show that in the first few days of the lorry drivers' strike, the independent grocers suffered less than the supermarket chains. This may have been because during the early stages of panic buying, shoppers were willing to buy from any source and not just the supermarkets.

More 'nuclear power needed'

BY JOHN LLOYD

INCREASING AMOUNTS of nuclear power were "a pressing need" if forecast demand for electricity was to be met, Sir Francis Tombs, chairman of the Electricity Council, said yesterday.

Commenting on the opening of the council's exhibits at the Energy Show in Birmingham, Sir Francis said that nuclear power's contribution would "preserve that freedom of action which will enable us to adapt to changing circumstances, and to secure our future competitive position in an energy-hungry world."

The industry regards the electric car as a practical proposition. It said that its electric vehicles project would soon move into its second phase.

On alternative energy sources, Sir Francis said that the council was pursuing development of wind, wave and solar power, but "their practical and economic potential remain to be demonstrated and their contribution will be slow in achievement."

The council's exhibits make clear that it regards most alternative sources as impractical or too expensive in the short term.

Cheaper air fares to Portugal

BRITISH AIRWAYS' policy of introducing cheap fares to destinations in Europe has been extended to Portugal, with cuts of up to 65 per cent on normal economy rates becoming effective from April 1.

The normal economy return fares on the routes between London and Lisbon, Oporto and Faro will go up by 6 per cent.

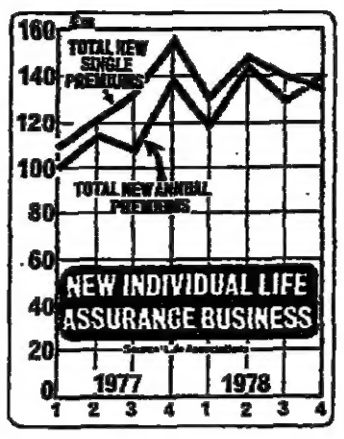
On the London-Lisbon route, the new economy return rate will become £200, but there will be a new advanced purchase return fare of £70 in the off-peak and £96 in the peak months (July 1 to September 30).

Record year for life contracts

BY ERIC SHORT

THE UK life assurance industry had a record year in 1978 for sales of individual life contracts and personal pension business, according to figures issued yesterday by the three life associations. New annual premium business was a quarter higher at £531m and single premium contracts a tenth higher at £552m.

On individual assurances and annuities, new annual premiums



sold in 1978 amounted to £447.4m—24 per cent more than in 1977. That included ordinary savings contracts and endowments used to repay mortgages, so part of the increase reflects the buoyant house purchase market last year. Single premiums for this business were 8 per cent higher at £486m.

Annual

Sales of personal pension contracts to the self-employed were extremely good. New annual premiums totalled £83.6m against £60m in 1977, a rise of 39 per cent, while single premiums were £66m against £54m, a jump of 22 per cent.

It was a good year for linked life business, with a record amount of regular premium business sold. This was a third highere at £64m, against £48m in 1977 for assurances and annuities, with single premiums a quarter higher at £278.7m (£223m).

Growth

It was the best year for the sales of linked bonds (single premium business) since the early 1970s—in 1973 a total of £347m was sold. The growth reflects in part the effect of the entry into this sector of certain traditional life companies, including Legal and General Assurance, Sun Alliance Group, Sun Life and Equity and Law.

Personal pension business in the linked sector was also buoyant for annual premiums with a rise of a fifth to £22.9m. But single-premium business was sluggish with a rise of only 12½ per cent to £9m.

Projects group in Canada for Hawker

HAWKER SIDDELEY, the electrical and engineering group, is setting up a new projects organisation in Canada to manage turnkey contracts in the power engineering field.

The group has been set up by Hawker Siddeley Diesels and Electrics of Canada in conjunction with Hawker Siddeley Power Engineering of the UK.

It is part of the company's general strategy of diversification into electrical engineering, following the sale of its aerospace interests.

Capability

One aim is to give the Canadian companies the engineering capability to tender for large power station and electricity sub-station contracts. Hawker already has this capability in its UK projects company based at Burton on the Wolds, near Loughborough, which is currently building a 515 MW gas turbine power plant for an aluminium smelter in Dubai.

The Canadian companies now handle projects in the £5m to £15m rang but the reorganisation will transfer expertise from the UK so that they tender for £100m contracts.

This will not involve any manufacturing expansion in Canada in the short term at least, since a large part of the equipment in a turnkey contract is likely to be bought from other companies.

Forties Field pipeline use sought by Shell and Esso

BY KEVIN DONE, ENERGY CORRESPONDENT

SHELL AND ESSO have started negotiations with British Petroleum over the temporary use of the Forties Field pipeline as a means of recovering condensate from the North Sea Brent Field.

The two oil companies are facing mounting problems with the recovery of gas from the Brent Field as a result of the Scottish Office's delay in granting full planning permission for the construction of a natural gas liquids separation plant and marine terminal in Fife.

The indecision means that British Gas will also lose some of its planned supplies at the end of next year.

Brent Field is the largest oil discovery yet made in the UK sector of the North Sea. It is also one of the most complex developments because of its particular combination of hydrocarbons.

The field has estimated recoverable reserves of some 2bn barrels of oil—including 600m barrels of condensate and natural gas liquids—and about 3 trillion cubic feet of gas.

Shell, as operator for the development, applied more than two years ago for planning permission to build a £120m natural gas liquids separation plant at Mossmorran in Fife. A planning inquiry was held 31 months ago, but Mr. Bruce Millan, the Scottish Secretary, still has to make up his mind on the application.

Natural gas—methane—and natural gas liquids—ethane, propane and butane—will be transported from the Brent Field by pipeline to St. Fergus.

The natural gas will be separated at St. Fergus and Shell has planned to pipe the gas liquids south to Fife. It entered a contract with British Gas to begin supply a minimum of 500m cubic feet of natural gas a day in October 1980.

But before it can fulfil this contract it must find some means of disposing of the natural gas liquids. Even if the Scottish Secretary finally grants planning permission it will take two and a half to three years to build the Mossmorran plant.

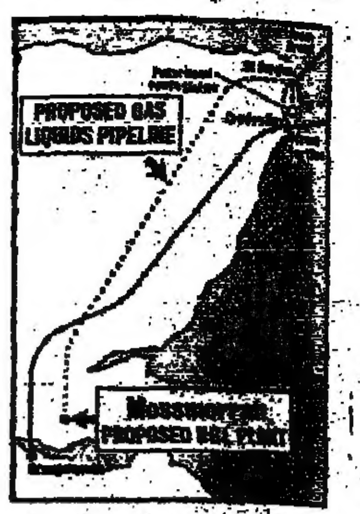
Failure to reach a decision has forced Shell to look for temporary methods of disposing of the natural liquid gas.

It is planning temporarily to burn part of the ethane and propane from the Brent Field at the Peterhead power station; Shell still under construction.

The power station, however, cannot cope with the heavier condensate fractions, such as natural gasolines. Shell has therefore entered into negotiations with BP over the building of a pipeline link from St. Fergus south to Cruden Bay, the landfall of BP's Forties pipeline.

Shell is close to finalising negotiations for transporting about 5,000 barrels a day of condensate through the Forties onshore pipeline to Grangemouth.

Both pipelines to Peterhead and Cruden Bay would be



temporary, but would probably operate for at least three to four years.

While this scheme is in operation Shell is unlikely to be able to supply British Gas with much more than 400m cubic feet a day of natural gas and the supply will be unreliable. If the power station had to stop taking liquid natural gas in an emergency, Shell would have to fall back on flaring, which would require Department of Energy permission.

Half-fares planned for 800,000 more

BY LYNTON McLAIN

THE GOVERNMENT plans to allow more elderly, disabled and blind people to travel at half-fares on local buses and trains throughout Britain.

The scheme, explained in a Green Paper yesterday, would give concessionary fares to 800,000 elderly and disabled travellers in areas without such concessions.

A single national bus and rail pass for local journeys would be issued. Holders would be expected to pay a small charge to cover administrative costs.

The plan would cost the Government £50m a year and, if introduced in the current financial year, would bring total Government aid to local authorities for concessionary fares to £155m.

But Mr. William Rodgers, Transport Secretary, who announced the proposals yesterday for consultation with interested organisations, said that legislation would not be introduced until the next session of Parliament, after a general election. Local authorities would have to provide a minimum concession of half the normal fare for the elderly and disabled.

Concessionary Fares for Elderly, Blind and Disabled People (Cmnd 7475, HMSO 50p).

First step for coal to oil scheme

By Roy Hodson

THE FIRST STEP towards translating the concept of coal being made into oil in Britain from the laboratory stage to commercial production was taken yesterday when Sir Derek Ezra, chairman of the National Coal Board, signed a financial agreement with Mr. Alex Eadie, Parliamentary Under-Secretary of State at the Department of Energy.

The Government is providing £800,000 towards a £1.2m Coal Board project for design work on two pilot plants.

The National Coal Board has developed two coal extraction processes at its research laboratory at Stoke Orchard, near Cheltenham. One makes road and aviation fuels by dissolving coal in a liquid solvent and then processing it in the same way that crude oil is refined. The second process makes a coal-in-gas solution for the manufacture of high-value aromatics.

The design work will take 18 months. The Government and the Coal Board will then decide whether to spend £30m on two pilot plants each capable of processing 25 tonnes of coal a day.

Pension plans warning

BY ERIC SHORT

EXECUTIVE pension schemes which invest a significant proportion of their funds in works of art or other valuable chattels are unlikely to get approval for tax purposes. This warning was given by the Inland Revenue Superannuation Funds Office in its latest memorandum* on pension scheme practice.

The Inland Revenue stated that it now had about three years' experience with applications for tax approval of small self-administered schemes. It had become apparent that such schemes could not be treated in the same way as self-administered schemes covering large numbers of rank-and-file employees, or as insured schemes.

In addition, the Inland Revenue felt that employers had been encouraged by Press articles to regard self-administered schemes for executives as tax havens. It was therefore adopting a more critical approach in looking at schemes which seemed designed for tax avoidance rather than to provide financial support for members in old age.

The memorandum also puts restrictions on the amounts that can be lent back by the pension scheme to the employer. While the Superannuation Funds Office does not object in principle to lending back, it states that the employers' contributions must not be returned in the form of loans with such frequency as to change the scheme from "funded" to "unfunded." Nor must the proportion of assets so invested exceed one-half.

The office stressed that it will expect actuarial reports to be made at intervals not greater than three years and it will examine the assumptions used as a basis for funding these schemes. It warned that it would question payment of special contributions not justified by the recommendation of the actuary and the liabilities of the scheme.

Memorandum No 58—Small Self-Administered Schemes. Inland Revenue Superannuation Funds Office, Room 1006, Apex Tower, High Street, New Malden, Surrey KT3 4DN.

Sotheby's book and atlas sale raises £118,301

SALEROOM

BY ANTONY THORNCROFT

A FIRST, 1610, edition of Galileo's "Siderus Nuncius," the first book to give a scientific description of the use of the telescope, was sold at Sotheby's yesterday for £17,000, plus a 10 per cent buyer's premium. It was the top price in a printed book and atlas sale which totalled £118,301.

Other good prices were £9,200 from Burgess, the London dealer for John Speed's "The Theatre of the Empire of Great Britain" plus other maps; £7,200 from Marshall, the Scottish dealer, for a first edition of the same work; and £6,800 from the Map House for Ottens "Atlas Minor" of 1750.

At Christie's, a bronze group of "The Stag at Bay" by Sir Edwin Landseer made £4,600 in a sculpture auction which totalled £53,209. A bronze allegory of "Charity," signed Dalou, went for £3,800.

Sotheby's has just completed a series of jewels sales at the Kulm Hotel, St. Moritz for the fourth successive year. The net total was £2.8m, the highest ever, and the location's attraction for private buyers as well as dealers was underlined by the fact that six of the top seven lots were bought privately. The highest price was £95,000 for a ruby and diamond bracelet by Van Cleef and Arpels. A diamond brooch with matching earclips realised the same sum.

Duke's death will not alter £300m estate

THE DEATH of the fifth Duke of Westminster yesterday at the age of 68 is unlikely to affect the running of the Grosvenor family's property empire, thought to be worth between £300m and £500m.

The family fortune, which includes about 300 acres of land in Mayfair and Belgravia, has been managed by a trust set up by the second Duke of Westminster since his death in 1953.

The Earl of Grosvenor, 27-year-old Gerald Grosvenor, who succeeds to the title, has been chairman of the trustees since 1973 and will control the family property interests through the various companies in the Grosvenor group.

The trust is thought to have been set up initially to avoid heavy death duties on the Grosvenor Estate, which includes developments and properties in Britain, Canada, Australia and Hawaii.

The family is perhaps best known as London's largest private landlord, owning not only many residential properties but also Claridges and the American Embassy, which is held by the U.S. Government on a 999-year lease.

In 1971 Grosvenor Estate produced a long-term strategy for the London estates owned by the family for 300 years.

Elsewhere in the UK the family's property companies have been active in recent years in the land market, both selling and buying.

Grosvenor Estate has been involved in the development of Runcorn New Town in Cheshire and in other redevelopment schemes, including work at Basingstoke and in London.

Overseas the family interests include major projects in Canada and a 10,000-acre sheep farm in Australia.

The Duke, who took the title in 1967 after the death of his brother, was Ulster Unionist MP for Fermanagh and South Tyrone from 1955 to 1964 and Parliamentary Private Secretary to Mr. Selwyn Lloyd, Foreign Secretary, from 1957 to 1959.

He will be buried on Saturday in the family graveyard at Eccleston, Cheshire.

Provinces first plea for UK visitors

BY MAURICE SAMUELSON

FOREIGN TOURISTS should be encouraged to start their visits to Britain at provincial airports and to make London their point of departure, Mr. Michael Montague, the new chairman of the English Tourist Board, said yesterday.

He said that London would remain the magnet for overseas visitors, but tour operators should offer it more often as the climax to a tour to help less developed regions. He also preferred Stansted to Maplin as the South East's third major airport because Stansted had better communications with London.

MICHAEL MONTAGUE
Control on spending

Mr. Montague, chairman of the Valor cooking and catering equipment group, has been appointed head of the tourist board after the death of Sir Mark Henig, the board's chairman since it was founded ten years ago.

While the British Tourist Authority carries out overseas promotion of tourism to the UK, the English Board, like its Scottish and Welsh equivalents, bears the local responsibility.

Mr. Montague said the raising of the Board's budget for the coming year by £1.5m to £7m reflected the Government's appreciation of the tourist industry's importance as a creator of jobs and earner of foreign currency.

Wallpaper makers launch £3m campaign

A CAMPAIGN to persuade people to use more wallpaper is to be launched by the industry next month.

The £3m campaign is being run by the Wallpaper Marketing Board in an effort to increase sales which have been steadily declining since the beginning of the 1970s.

Civil servants criticise plan to move Surveys Directorate

BY PAUL TAYLOR

GOVERNMENT PLANS to move part of the Ministry of Overseas Development from Surrey to Glasgow have brought resignations, extra costs for training new staff and a sharp decline in efficiency, claim some civil servants.

As part of a continuing campaign to oppose the move civil servants on the staff side of the Whitley Council have asked MPs to intervene yet again in the Government's dispersal policy and to try and persuade Mrs. Judith Hart, Minister for Overseas Development, to reconsider the proposals.

The argument over the resiting of the Directorate of Overseas Surveys, which produces maps for the Ministry, stretches back several years. After an adjournment debate in the Commons in November, 1976, and further Cabinet discussions, the Government confirmed a year later, that the move would take place. Mrs. Hart reaffirmed the Government's intentions in the House earlier this month.

Union representatives on the dispersal sub-committee of the Whitley Council claim the proposals are wrecking the Directorate's work and will cost hundreds of thousands of pounds in extra training costs.

Between November, 1977, and this month, it is claimed that 69 staff have resigned or left their jobs for other reasons. Last year alone 38 people resigned, six retired—three of whom have been re-employed—six transferred to other departments and two died. In some periods, the loss rate has been 2½ times the average among cartographic staff in other Government departments.

The Civil servants claim it costs £10,000 to train a cartographer and that the cost of filling the vacancies created last year alone will be about £540,000.

The Directorate employs 77 basic grade cartographers, of whom half are in training, against an establishment level of 93, and a further 97 higher grade mapping staff.

Mr. Geoffrey Brown, chairman of the dispersal sub-committee, claims that the Directorate can no longer meet its commitments and that the plans are causing the resignations and a waste of public money.

Even if the move, planned for 1984, goes ahead, the Directorate will be unable to find new suitable staff in the Glasgow area, claim the staff.

"With this enormous drain of both skill and money from the aid programme the Directorate of Overseas Surveys is bleeding to death," claims Mr. Brown. "It is imperative that the Government reverse the decision to disperse the Directorate before it ceases to operate as a viable unit."

The continuation of the Government's dispersal policy has brought criticism from other sources because of its impact on London and the South-East.

New hearing soon on union expulsion

BY NICK GARNETT, LABOUR STAFF

THE INDEPENDENT Review Committee is standing by to hold a further hearing on the case of Mr. Joseph Thompson, a textile dyer who lost his union cards and his job after working for a company blacked by the National Union of Dyers, Bleachers and Textile Workers.

Following a review committee hearing on the case earlier this month, the union undertook to give Mr. Thompson a "full and fair" hearing before the union's executive committee in March.

Mr. Thompson, 32, from Yeadon, Yorkshire, has this week to decide how he pursues the case. He can take up the union's offer, and then take it to the review committee again if he is unhappy with the executive committee's decision.

He could refuse the union's offer and pursue the matter again directly with the review committee, whose secretariat is provided by the TUC. Or he could simply drop the case completely.

The work of review committees was underlined in last week's TUC-Government agreement, which stressed that unions and individual union members should make use of the committee as a conciliation body in closed-shop disputes.

The Conservative Party wants some form of statutory redress for workers who run into difficulties with closed-shop agreements but has said it will not outlaw the closed shop.

15-year blacking

The review committee, under the chairmanship of Lord Wedderburn, was unable on the evidence before it to determine many of the issues of fact on which Mr. Thompson and the union disagreed. Further submissions by people not at the original hearing would be necessary for that, it says.

About 15 years ago Mr. Thompson worked for a few months for the Yorkshire textile firm of William Denby and Sons. After a dispute at the company, William Denby was blacked by the dyers' union from March, 1964, and still is.

After working for a large number of companies, Mr. Thompson eventually took a job at Naylor Jennings Textiles at Yeadon, near Bradford.

It was possible to obtain employment at Naylor Jennings only through the dyers' union. Mr. Thompson reapplied for union membership, after having left, and was readmitted to the union.

The union eventually discovered that Mr. Thompson had worked at Denby's, and union policy was to expel members if they had worked at Denby's since 1964.

Mr. Thompson told the hearing that he had not been asked by local officials if he had worked at Denby's. He was very young when he took the job at Denby's, and did not know then or subsequently of the union's policy.

British goods prices 'fail to match competitors'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH GOODS are now less competitive relatively than those of other major industrial countries, according to the latest issue of Exchange Rate Outlook.

The Outlook, produced monthly by two London Business School economists in conjunction with money brokers Charles Fulton and the Gower Press, suggests that price competitiveness is likely to deteriorate slightly over the next year.

Monetary policy, however, is maintaining sterling in spite of constant pressure on the industrial front and serious loss of competitiveness.

The authors suggest that an acceleration of monetary growth and a run of bad trade figures, which is likely after the spate of strikes, could put considerable pressure on sterling. But this is likely to be resisted before an election either by support measures from reserves or by a further increase in interest rates.

Nevertheless a steady decline in the trade-weighted index is expected over the next 12 months as pressures are likely to build up as a result of over-expensionary fiscal policy. Monetary pressures will follow.

The Outlook contains a long discussion of the European Monetary System—in particular a replay of 1978 currency behaviour. The main conclusions are that the UK, entering in January 1978, a high point for sterling, would have tested the parity grid limits (under which margins are defined in terms of each currency) and intervention would have been required to keep the pound in the system in March and April last year.

Moreover, a weak dollar would put a strain on the system as the Deutschmark is dragged up, but other major EEC currencies tend to be left behind, notably the pound and lira last October.

The divergence indicator defined in terms of the European Currency Unit, a basket of each EEC currency, is unlikely to play a significant role. In practice, the divergence zone was small last year since divergent currencies were also generally near to parity grid limits.

Otherwise, the Outlook notes that the foreign exchange market has yet to decide how to react financially to the prospects of long-term oil supply cuts in the wake of the Iranian crisis. The steep rise in the price of gold is evidence that the currency picture is unclear, and no obvious safe refuge is seen.

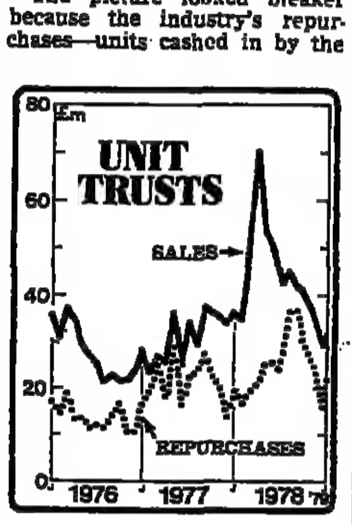
Unit trust figures still look depressed

By Eamonn Fingleton

LAST MONTH'S spate of strikes was blamed yesterday for a continuing disappointing trend in the unit trust industry's sales to investors.

Sales in January totalled £31.7m, a rise of just £2m on the depressed December figure. Taken together, the latest two months were the most disappointing for sales since the autumn of 1977.

The picture looked bleaker because the industry's repurchases—units cashed in by the public—rose from £15.8m to £21.6m last month. Net new investment was £10m compared to £13.9m in December.



Mr. Edgar Palamountain, chairman of the Unit Trust Association, commented: "The figures are reasonable given last month's adverse circumstances. The strikes certainly scared some investors off buying. We otherwise would probably have had an extra £10m of sales."

The bleak industrial picture also probably encouraged some investors to cash in their units.

Talks 'unlikely to stop Civil Service pay strike'

BY PHILIP BASSETT, LABOUR STAFF

GENERAL SECRETARIES of unions representing all 600,000 white-collar civil servants meet this morning to consider the Government's offer to negotiate a pay settlement based on the findings of an independent pay comparability study.

The two largest unions made it clear yesterday, however, that the Government's offer was unlikely to prevent the strike by their 285,000 members going ahead on Friday.

The general secretaries and officials of the staff side of the National Whitley Council, which represents all non-industrial civil servants, will consider a report of a meeting last week with Lord Peart, the Lord Privy Seal. The Government indicated its readiness then to move on pay.

The regular meeting of the general secretaries' "Committee A" will be followed by special executive meetings of the Civil and Public Services Association and the Society of Civil and Public Servants, which have called Friday's action.

Deadline

The executives will be told that the strike is on unless the Government has made clear its imprecise offer to negotiate on the basis of Pay Research Unit reports. The unions estimate the report establishes that middle-ranking civil servants are due rises of between 26 and 36 per cent.

Mr. Ken Thomas, CPSA general secretary, did not believe that the position would be improved by the deadline of today's executive. "Merely stating vague generalities about why don't we get on and negotiate on PRU isn't enough."

The Confederation of British Industry said yesterday that work opportunities for young people under the Youth Opportunities Programme were being hampered by the CPSA's refusal to support an experiment introducing the Programme in the civil service.

The CPSA said yesterday that it had been given new evidence on job safeguards for permanent staff. On the basis of this, the union had put forward a motion for its annual conference in May. If accepted, it would open the way for an experiment in the service.

Bank borrowing rises, but stays below 1973-74 peak

BY DAVID FREUD

BANK BORROWING by industrial and commercial companies increased in 1977 over the level in 1976, according to an article in the official publication Trade and Industry. However, it remained well below the very high levels of 1973 and 1974.

Total sources and uses of funds of these companies rose by 10 per cent in 1977, compared with a sharp rise—of 45 per cent—in 1976.

Bank borrowing in 1977, as a proportion of the total sources, was only about half the amount in 1972, 1973 and 1974. But it remained higher than the average over 1964-71.

Bank borrowing by large listed companies fell in 1977 both in absolute terms and as a proportion of total sources of funds, as did the value of ordinary shares issued for cash. Preference shares and long-term loans rose.

Figures covering use of funds by all industrial and commercial companies show that holdings of material stocks rose in 1977 by a little more than in 1976.

Stock appreciation fell in 1977, however, by £1bn to £4bn, so the physical increase was substantially greater than in 1976. Stock appreciation, the additional amount of money needed due to higher prices to maintain the same volume of stocks, has generally accounted for well over half the expenditure on stocks since 1966.

Large listed companies reduced their expenditure on stocks in 1977 both in absolute terms and as a proportion of total uses.

In contrast with the 10 per cent rise overall in uses and sources of funds by industrial and commercial companies, the large listed companies registered a fall of 10 per cent in 1977. This followed an increase of 75 per cent in the previous year.

Downing St. talks over miners' pay

BY OUR LABOUR EDITOR

THE FULL executive of the National Union of Mineworkers is expected to meet the Prime Minister in Downing Street on Monday over their pay claim.

Mr. Callaghan will be asked to smooth the way for a peaceful settlement this year by raising the Government's operating subsidy for the coal industry from £124m to £250m, as requested by the National Coal Board.

Although there is no suggestion yet that the miners are contemplating industrial action this year, Government refusal to raise the subsidy could severely limit the Board's negotiating room.

So far the Board has told the union that it can find only £52.5m for wage costs this year—of which just over half would be available for miners' wages. The NUM's claim is for increases of up to 40 per cent, a four-day week, and an eight-month agreement. The cost of that claim, excluding the four-day week, is estimated as £400m.

Union and Coal Board officials will, in the meantime, be preparing what is in effect a joint submission to the Government.

● Rail unions will today present their claim for a reduction in hours to a 35-hour week and will tomorrow resume negotiations with the British Railways Board.

The Railway Staff National Tribunal is already considering a separate claim by ASLEF, the train drivers' union, for a special responsibility payment of 10 per cent.

Rig men to continue stoppage

By Ray Perman, Scottish Correspondent

OFFSHORE construction workers yesterday rejected a recommendation from the leaders of their unofficial strike to return to work, and voted to continue their seven-week stoppage.

The men, meeting in Glasgow, turned down a formula worked out by the shop stewards, who have been leading the action, which would have meant talks on grievances starting within a week of normal working being resumed.

The Oil and Chemical Plant Constructors' Association, representing construction companies carrying out work on offshore oil platforms, has refused to negotiate with the strikers and unions have refused to make the dispute official.

The strikers were employed on connecting electrical and mechanical equipment for oil and gas processing. The dispute has not yet affected oil output.

The striking construction workers have talked of trying to stop the flow of oil by picketing oil terminals but so far their attempts have been half-hearted.

Early rulings on Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A GOVERNMENT statement is expected soon, probably before the end of this month, on the future of the Concorde fleet.

Two developments have been under discussion. The first is a plan to refinance British Airway's £150m five-aircraft fleet, to relieve the airline of the burden of depreciation and interest charges.

The second is a plan by British Caledonian to lease from the Government—which owns the aircraft—one of the two unsold Concordes off the UK production line at Filton, Bristol, for use on the North Atlantic route. The other aircraft would be allocated to British Airways.

Both plans have been under detailed scrutiny. At this stage, it is understood, the Government regards them favourably, but it wants details to be clarified before it is prepared to give its approval in principle. It is hoped the details can be settled this week or next.

Air France has been holding similar discussions with its own Government and may take over the three unsold Concordes on the French assembly line at Toulouse.

It is understood that the two governments are anxious to get the programme settled as soon as possible. This is partly to prevent five, expensive, unsold Concordes from being left unemployed, partly to enable the airlines to exploit increasing world interest in the aircraft.

Originally it operated under suspicion for environmental and economic reasons, but in the past year or so it has proved able to capture traffic from other airlines wherever it flies, and to make money.

British Airways does not publish detailed figure of its financial return on the North Atlantic route, but it is believed that Concorde, with 13 flights a week each way between London and New York, is making direct operating profits with high passenger loads.

The airline believes that if it can be relieved of the £15m a year depreciation charge on its £150m fleet, which is being amortised over 10 years, it can show a profit.

British Caledonian is interested in Concorde because it now faces competition on routes into the southern United States from the newly-instituted Braniff-British Airways joint service with Concorde from London to Washington and thence to Dallas/Fort Worth, Texas.

British Caledonian already flies to Houston and next year plans to fly to Atlanta, Georgia.

Engineers seek to lift spending on sewerage

BY MICHAEL CASSELL

HUNDREDS OF millions of pounds need to be spent on sewerage in England and Wales, according to the Federation of Civil Engineering Contractors.

In evidence to the parliamentary sub-committee on public expenditure, it says that every water authority has described some parts of its sewer network as inadequate or decaying. That is inhibiting local residential or industrial development, it says, and in some cases even represents a threat to public health.

The federation, which makes specific criticisms of the recent White Paper on public expenditure, says that action required to improve the outdated sewerage system is "clearly beyond" the financial resources of the water authorities and implies that more central government aid will be vital.

The civil engineers, who have been particularly badly affected by the construction recession, say that allocations in the White Paper for environmental services appear greatly to undervalue essential sewerage renewal.

Matters would be serious enough if conditions were static, the federation says, but demand for domestic piped water is expected to rise at about 1½ per cent a year for the next five years, putting an ever-increasing load on sewerage systems.

Noting the White Paper's call to employ finance in the most cost-effective way, the federation comments: "Spending money on necessary capital expenditure now to avoid the need for greatly increased expenditure in the future is the most cost-effective way of tackling a problem which is daily becoming publicly more obvious."

Reprieve for Chilwell jobs

A MINISTRY of Defence decision to put back the closure date of Chilwell Central Ordnance Depot, Nottinghamshire, has saved 1,375 jobs for at least a year. The announcement was made yesterday to union representatives by General Sir Patrick Howard-Dobson, the Quartermaster General on his final visit to the depot in his present post.

He said the closure delay would be more efficient and economical, and would enable the Army to modernise depots in Bicester, Oxfordshire, and Donnington, Shropshire, to which the Chilwell stores would be transferred.

The closure is now expected in March, 1982.

Sacked Sunday Times men claim 'antagonism' by management

BY OUR LABOUR STAFF

THREE CLERICAL workers at the suspended Sunday Times, dismissed for refusing to do the work of sacked colleagues, sought reinstatement at a London industrial tribunal yesterday.

The men, all members of the National Society of Operative Printers, Graphical and Media Personnel, were escorted from The Times newspaper building and their pay was suspended the hearing, was told.

Natsopa officials made futile attempts to discuss the problem with the management, the union's clerical branch secretary, Mr. Christopher Robbins, told the tribunal.

He was applying for interim relief and reinstatement pending full hearings of the men's claim for unfair dismissal.

Mr. Robbins said several attempts had been made to talk about the problem of staff working out notices given by Times Newspapers Limited, on December 18 last year.

Departments were becoming short staffed as individuals worked out their notices, which ranged from two to 10 weeks.

"There was no apparent agreement covering this shortfall," said Mr. Robbins. "At no time were employees told what to do in this situation."

When the three men, David McEvilley, Ray Hersant and David Rose, all working in the advertising accounts department, were approached by a superior and asked to do the work of sacked colleagues, they refused.

A few days later, on January 24, they were sacked. "The day before, a Natsopa official had written to the general manager asking for guidance on the problem.

"No reply was received from the management until January 29. Despite the trade union offer to deal with the circumstances the company did not feel inclined to discuss the problem and didn't feel it important enough to take up with the appropriate trade union officer.

"We believe the management's action was outside normal policy, even given the exceptional circumstances that applied," Mr. Robbins said.

"We believe also that there was a good deal of antagonism towards the trade union. There was no gross misconduct by these people and no wilful disregard of work by employees."

David McEvilley told the tribunal that workers in other departments had not been asked to take on extra work. "They just seemed to pick on us. They seemed to think we were trouble makers.

"I had lost a job I had been doing for nine and a-half years for no good reason. Other people in the department had taken the same line as me and had not been dismissed. Naturally, I was a bit sore about it."

Union official Mr. Patrick Gannon told the tribunal that he, too, had refused to do extra work.

He said that management had argued that the work the three sacked clerks had been asked to do was very urgent. "I refused to handle work paying out between 10p and £900,000. The clerks were dealing with accounts of £10-£90."

Mr. Gannon said that senior management were now covering the jobs he had refused to do.

The hearing continues today.

Engineering chiefs urge tax reform

By Hazel Duffy

THE Engineering Employers' Federation is urging the Chancellor to include in his Budget two major reforms: reduced direct taxation, and a relaxation in exchange controls.

On direct taxation, it says that higher personal allowances are needed "so that no tax is payable on incomes lower than, say, 80 per cent of the average wage." The highest rate of tax should be reduced to conform with the rest of the EEC.

On the relaxation of exchange controls, the federation says that many of its members — particularly small and medium-sized companies — are still concerned at the impact of exchange controls on the level of overseas investment.

Councils asked for views on 'radical' auditing plans

BY PAUL TAYLOR

LOCAL AUTHORITY associations have been asked for their views on plans for a radical reorganisation of the council auditing system which would give MPs more direct control over local government spending.

The associations have been asked to comment on proposals by the general sub-committee of the Commons Expenditure Committee that the responsibility for the district audit staff should be transferred from the Department of the Environment to the Comptroller and Auditor General. The Government is studying the role of the Comptroller and Auditor General with a view to introducing legislation to define his responsibilities more explicitly.

The sub-committee also wants the auditor general to supervise audit standards and make reports on "general matters" to Parliament.

In a letter to the associations, the sub-committee said the advisory committee on local government audit, to be set up shortly, will be a "useful body" but does not contain provisions to ensure "that Parliament can be aware how efficiently large sums of public money are being spent."

The proposals, originally contained in the Expenditure Committee's 11th report published in 1977, have met strong opposition from local government. In spite of assurances that there would be "no objection" to local authorities employing their own auditors for certain purposes, it is likely the opposition to some form of centralised parliamentary control will remain.

Council polling campaign

FINANCIAL TIMES REPORTER

THE NATIONAL Association of Local Councils yesterday launched a two-pronged campaign to encourage more people to stand for parish, town and community council elections in England and Wales on May 3, and to improve polling figures on the day.

The campaign targets are to ensure that all 65,000 local council seats are contested, and that at least 50 per cent of the electorate vote for their local council members on polling day.

There are about 8,000 parish and town councils throughout England and Wales which control about £30m of public expenditure. They form the bottom tier of the local government structure, and represent the interests of over 10m people.

The association hopes to generate interest in four-yearly elections by emphasising the importance of the local council and its often low administrative costs. This year, it has produced leaflets for candidates and electors about the local council, and has commissioned a poster to encourage people to vote.

Airline plans new link

A NEW link between Southampton and Exeter and Frankfurt is being planned by British Island Airways from April 1, 1980. The airline is also asking the Civil Aviation Authority for approval to include Southend and Stansted airports on its UK domestic network, and to allow further expansion of services from Exeter to include potential links with Manchester, Blackpool, Leeds/Bradford, Newcastle and Edinburgh.

UK NEWS—PARLIAMENT and POLITICS

Production may rise to meet strike losses

BY IVOR OWEN

DISRUPTION caused by the lorry drivers' strike and the interruption of rail services may have led to a 10 per cent loss of normal manufacturing production in the five weeks to February 10, the Commons was told yesterday.

This estimate was given by Mr. Alan Williams, Minister of State for Industry, who also suggested that production might have been back towards 95 per cent of normal by the same date.

"I believe that production may rise above normal in the next few weeks, as some of the lost production is made up," he said.

Mr. Williams reported that the estimated number of workers laid off reached a peak of 235,000 on January 30, when the disruption caused by the disputes was at its height.

This compared with the latest estimate, made on February 5, of 85,000 lay-offs. "It is believed that virtually all those temporarily laid off as a result of the transport disputes will by now have been recalled by their employers," he added.

While emphasising that a considerable amount of the lost output was likely to be made up, Mr. Williams urged all concerned to heed the consequences of industrial dislocation.

"Do not let us delude ourselves that we can go in for bouts of national self-flagellation without creating some damage and some injury.

"There is bound to be some loss of output and, unfortunately, some loss of orders."

Mr. Toby Jessel (C., Twickenham) contended that the failure of Ministers to tell the public from the start of the lorry drivers' strike that secondary picketing amounted to a civil offence—it had been left to a private individual to instigate court proceedings—amounted to an abdication of Government.

Denying this charge, Mr. Williams replied that Mr. Jessel had oversimplified the law on secondary picketing.

As for the number of workers temporarily laid off, he reminded the Tory benches that 1,130,000 were laid off during the three-day week in January 1974.

Mr. Norman Lamont, a Conservative industry spokesman, maintained that the most important contributions which the Government could make to assist British industry was to cut its own spending and borrowing.

He recalled that immediately after the Prime Minister's promise to do everything possible to put the needs of industry first, the minimum lending rate was raised by 1½ per cent.

Mr. Williams replied: "As a result of what happened, the Government was able to make a considerable placing of gilts last week. This reduced the money supply."

When asked if the Government was satisfied with the present rates of return on capital employed in British industry, Mr. Williams pointed out that Ministers had repeatedly recognised that industry should become more profitable.

Mr. Tony Durant (C Reading N) reminded him that during the first four years of the present Government's term of office, the return on capital had averaged only about 2 per cent.

He contrasted this with the fact that during the last four years of the Heath Government, the average return was 6 per cent. He called on the present Government to make its industrial strategy more effective.

Mr. Williams urged Tory MPs to compare the levels of investment over the same period. Last year, investment was 10 per cent higher than in 1973 and 13 per cent higher than in 1972.

Total investment by manufacturing industry in the 12 months to September 1978 was estimated at £3,780m at 1975 prices, 8 per cent above the level of £3,496m in the previous 12 months.

NEB denies 'bribe' charges

BY IVOR OWEN

THE repeated allegations by Labour backbenchers that Allied Investments paid a "£3m bribe" to secure the consultancy contract for services to the Saudi Arabian armed forces' medical services department have brought a further denial from the National Enterprise Board.

This was stated in the Commons yesterday by Mr. Gerald Kaufman, Industry Minister of State, when he was again questioned about the allegations by Mr. Jeff Rooker (Lab, Birmingham Perry Bar).

The Minister said that Sir Leslie Murphy, NEB chairman, had reiterated early assurances that no bribe was paid.

He told Mr. Rooker: "I know you will accept that the NEB, having reiterated these assurances twice, would not wish to move from that position."

Mr. Kaufman added that anyone who felt that, as a result of the allegations, his own reputation had been "traduced" had remedies open to him.

● A demand by Mr. Doug Hoyle (Lab, Nelson and Colne) for an enquiry into the system under which senior members of the Department of Industry are able to secure approval to take up appointments with industrial firms on retirement was rejected by the Government in the Commons yesterday.

Mr. Hoyle, a members of the Labour Party's national executive also asked why, in view of the department's customer-relationship with Lucas Aerospace, Sir Anthony Part was allowed to joint the board of the company on leaving the Department.

Mr. Leslie Huckfield, Under-Secretary for Industry, told Mr. Hoyle that a compy of the rules governing the acceptance of outside business appointments to civil servants was available to MPs.

Mr. Hoyle aslo asked what advice was given to retiring senior civil servants joining companies with which they had had close working relations.

Mr. Huckfield answered: "The Government's consent may include further conditions for: example in relation to the individuals future participation in dealings with Governments or with competitor firms."

Tribe salutes man of all seasons

BY PHILIP RAWSTORNE

ANCIENT tribes held elaborate ceremonies, dancing, singing and beating drums. When the Labour Government needs a change of weather it merely brings out Mr. Denis Howell. Such is progress.

The Minister of State for the Environment emerged on to the television screens at the weekend like the little man who pops through the door to forecast sunshine.

And as the ice began to melt in the Westminster courtyards yesterday, he drifted anti-cyclonically into the Commons.

After the recent unbroken period of high pressure, the Howell phenomenon played havoc with the political barometers. His advent was greeted with a blend of awe, superstition and good-natured scepticism.

"There is nothing you or anyone can do about the weather," Mr. Michael Alison pronounced from the Tory front bench—ignoring the accumulated experience of Howellian interventions in droughts, floods and blizzards.

Mr. Howell blinked mildly. "That is another Conservative view that does not seem to be shared by the rest of the country," he replied.

The Chamber was soon enveloped by his warm front; doubts thawed, blockages cleared and problems declared passable.

Mr. Howell's statement on the snow emergency liberally spread the country with both salt and Government spending.

There would be more than £1m for Norfolk, he promised—and was promptly inundated with appeals from Tory Yarmouth and Richmond, and Liberal Berwick, for more Government money.

"I thought the Opposition wanted to reduce public expenditure," he remarked as the weak troughs persisted over the Tory benches.

The man for all seasons also calmed the variable gusts of criticism that arose over the strike of road gritters.

Everywhere he had travelled men had gone willingly to work, said Mr. Howell—"and in terrible conditions that few of us would have liked to work in."

Some Labour MPs added their own tributes to the RAF whose helicopters, from the glowing accounts, not only carried fodder but small casks of brandy like St. Bernards.

Mr. Howell made the emergency sound so anti-climactic that MPs inevitably began to wonder why the country had been so baffled by a snowfall in winter.

Couldn't something be done to warn us of extreme conditions, Mr. John Ellis demanded.

A long-term plan to overcome natural hazards by tapping the reservoir of volunteers, Mrs. Jill Knight suggested.

Mr. Howell replied that he would look into it; but added reassuringly that he would be around to cope with the floods which he forecast.

Mr. Varley leaves London for his visit to China

Unionists snub unity plan

By Our Belfast Correspondent

THE RECEPTION given by Ulster Unionists to the Fine Gael plan for an Irish confederation was predictably chilly.

Mr. Harry West, leader of the Official Unionist Party, ruled out any serious discussion on the document, claiming that the scheme was designed to break the union between Ulster and Great Britain.

This rejection was echoed by representatives of other shades of unionism, including Mr. Cecil Harvey, chairman of the small United Ulster Unionist Party, who said Dr. Fitzgerald was "living in cloud cuckoo land if he thinks Ulster Unionists will consider Irish unity in any shape or form."

The mainly Catholic Social Democratic and Labour Party welcomed the statement as a contribution towards the debate on Ulster.

● The gunmen of the IRA must not be compared with the terrorists of the Red Brigades in Italy or the Baader Meinhof group in West Germany, say a Tory report on terrorism and the European Community.

Mr. Charles Fletcher-Cooke, (C. Darwen), a member of the present Tory delegation to the European Parliament, says in his pamphlet: "The aims of the IRA or Basque terrorists are obvious.

Tory calls for early vote on Commons procedure

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS which would give MPs greater control over Ministers and "the expanding bureaucracy of the modern state" were commended to the Commons last night by Sir David Renton (C, Huntingdonshire).

He was introducing a two-day debate on last year's report of the all-party select committee on procedure. This followed the most wide-ranging examinations of the workings of the Commons for 30 years.

Sir David urged Mr. Michael Foot, leader of the house, to provide an early opportunity for MPs to vote on the implementation of the committee's recommendations.

"We say that the balance and advantage of the working of our present constitution is now weighted in favour of the Government, whatever its complexion, to a degree that arouses widespread anxiety."

The main recommendation was for radical changes to the present system of MPs "watch dog" committees. It proposed that there should be a separate committee to systematically keep each Government department under continual scrutiny.

These committees would have a permanent staff of expert advisors, and would have greater power of access to Government department information.

Sir David, a senior member of the procedure committee, thought there was a feeling that Parliament was remote from the feelings and needs of the people.

"Parliament has lost control of Government expenditure, and is now well enough orgainsed to act as a watchdog over the activities of Ministers and their departments."

Debate in the House and questioning of ministers touched only the tip of he iceberg.

"The floor of the House is not suitable for examining the accounts or the specialised and detailed matters which are the day-to-day realities of modern government."

There would be a dozen of the new departmental committees, each with 10 members. They would have a dual purpose.

First, they would help the House of Commons to find out what Government departments were doing, why they were doing it and how much they were spending.

Second they would assist Ministers by trying to understand their problems and warning them of possible difficulties.

Other MPs, however, made it clear that they had strong reservations about the report.

Mr. Sydney Irving (Lab, Dartford) said the transition to a system of departmental committees would be the "biggest jump of modern times." It would result in a degree of specialisation foreign to MPs.

"It would be an end to the role of the backbencher as an all-rounder which is typical of British Parliament," he said.

But Mr. Eric Heffer (Lab, Liverpool Walton) pointed out that the Labour Party's own machinery of government committees had come independently to the same conclusions as the procedure committee.

Varley urged to halt Harrier sales talks

SALES of the Harrier jump-jet should be dropped from the agenda of Industry Secretary, Mr. Eric Varley's talks in Peking, following China's invasion of Vietnam, Mr. Frank Allaun (Lab., Salford E) said in the Commons yesterday.

Mr. Allaun said it would be shameful, when the UN was asking for restraint, to heighten the war danger

Mr. Varley, now on his way to Peking for trade talks, should be told to "confine his negotiations to the supply of non-military goods," he said.

Mr. Gerald Kaufman, Industry Minister of State, replied that there was no change in the Government's position

In earlier exchanges, Mr. Peter Emery (C Honiton) and Mr. Robert Adley (C Christchurch and Lymington) both criticised opponents of the deal.

Mr. Adley urged Mr. Kaufman not to be unduly influenced by the Morning Star, the Kremlin, or the Tribune Group, all of whom were singing the same song.

Buoyant month for Halifax

By Michael Cassell

THE housing market remained "surprisingly active" in January and prices continued to rise at the rate recorded in the last few months of 1978, according to the Halifax Building Society.

The Halifax estimates that average prices for existing homes rose by just under 1.5 per cent in January against an underlying rate of 1.4 per cent since October, 1978. About the same rate of increase was recorded 12 months before.

Scottish poll shows continued demand for home rule plans

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NEARLY two-thirds of the Scottish electorate believes that the Government should come up with new plans for devolution if the present proposal to set up a Scottish Assembly is rejected at the referendum.

A poll by Opion Resear h Centre, published in The Scotsman today indicates that there may be more dissatisfaction with the form of the Scotland Act than with the actual principle of devolution.

If the referendum resulted in a No vote, 60 per cent of those asked said they believed the Government should come forward with a new scheme of devolution, while only 34 per cent thought the whole idea should be scrapped.

In the event of a Yes vote, 53 per cent thought that the Assembly should be given more powers, compared with 33 per cent who thought its remit should be fixed.

The findings reflect the success which anti-devolution campaigners appear to be having in highlighting the defects in the Act. Two Conservative front bench spokesmen, Mr. Leon Brittan and Mr. Teddy Taylor, both attacked the Act yesterday for adding to bureaucracy and cost while not bringing any compensatory benefits.

Mr. Brittan, the devolution spokesman, said the Conservative Party was not against change but would approach reform from the standpoint of the UK as a whole, with the aim of reducing Government and making it more efficient, rather than expanding it.

Mr. Taylor, Scottish Affairs spokesman, said it was utterly dishonest of devolution supporters to pretend that it would not cost a very considerable sum of money which would have to be raised by increasing taxes or rates, or by reducing services.

After an Assembly was set up, 221 politicians would be doing the work now done by 71, said Mr. Taylor.

The Scottish Landowners' Federation has urged all rural voters to say No to an assembly, which would be dominated by the urban central belt of Scotland, would increase bureaucracy, and would involve farmers and landowners in the conflict between Edinburgh and London.

But the leaders of six voluntary social work organisations called for a Yes vote to end the log-jam of social legislation at Westminster.

They include the Consumer Council, Age Concern, the Council for Social Service and the Church of Scotland social work committee.

No Midlands breakaway

A POLL of MPs in the Midlands reveals that a large number of Labour members (44 per cent) believe that a measure of devolution should be given to the English regions.

Conservative MPs voted overwhelmingly against the idea (87 per cent) and MPs in both parties are strongly opposed to the English being asked to vote in a referendum

Howe attacks Labour 'furniture-movers'

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Prime Minister, Mr. Callaghan, and Mr. Michael Foot, architect of the Government's devolution proposals, will be releived if there is a majority No vote in the Welsh Assembly referendum on March 1, Sir Geoffrey Howe, the Conservative shadow chancellor, told a Press conference in Cardiff yesterday.

The Welsh Assembly was just a by-product of Scottish devolution which sponsors had pushed through Westminster with little conviction.

The Wales Act had none of the ringing simplicity of the U.S. Constitution but was designed by civil servants for civil servants. It was more akin to town and country planning legislation in its complications, he said.

"Mr. Callaghan and Mr. Foot will be relieved if it is rejected by the Welsh people on March 1," he said.

Devolution, he suggested, was simply the latest example of British politicians imaging that rearranging the "institutional furniture" would help solve Britain's underlying economic problems. Common market membership had been another.

There was no reason to believe the Assembly would create a single extra real job or bring a single extra new business to Wales, Sir Geoffrey argued.

Indeed, the £300m cost, by the end of the century, would be better spent on improving the infrastructure of the Welsh economy.

At another Press conference, Mr. Emlyn Hooson, leader of the Welsh Liberal Party, accused the No campaign of speaking "aboslute nonsense" and of "intellectual dishonesty," particularly in suggesting it could lead to separatism.

Healey soothes EEC over earnings growth

BY GUY DE JONQUIERES

MR. DENIS HEALEY, the Chancellor, expressed confidence yesterday that the average growth of earnings in the UK could be kept within 12 per cent this year, and the rate of retail price inflation at less than 10 per cent.

At the same time, he complained strongly about Britain's growing net contributions to the EEC budget. Last year, these had exceeded the benefit to its balance of payments of North Sea oil revenues, amounting to about £750m, and were largely responsible for the £900m drop in the invisibles surplus.

He said that next year the UK's net contribution could rise to £1bn. Outward flows of this magnitude were bound to have an impact on interest rates, the exchange rate and money supply, as well as on the payments figures, and action must be taken to reduce them.

Speaking after a meeting of EEC Finance Ministers in Brussels, Mr. Healey said that Britain's success in holding the rate of retail price increase below double figures this year would depend on the average level of wage settlements being restricted to significantly less than 10 per cent.

Increases awarded in pay settlements so far, including the deal reached with the lorry drivers, averaged about 11 per cent. But after self-financing productivity agreements were deducted, this fell to about 9 per cent.

He expected Britain's economic performance this year to be "at least as good" as the official forecasts made by France for its economy. These envisaged earnings growth of 12 per cent, and price increases of almost 10 per cent.

Mr. Healey hoped that next month's summit of EEC leaders in Paris would reach agreement on procedures for tackling what he called the perverse mechanism of resource transfer.

This, according to the EEC Commission's own calculations, may make Britain the single largest net contributor to the Community budget by 1980.

The correction of such imbalances would, he said, necessarily involve changes in the Common Agricultural Policy, from which the UK currently derives little benefit, but it could also entail an increase in other chapters of Community spending, which would be of interest to the UK.

One possibility, he said would be to enlarge the scope of EEC regional fund activities to assist areas in industrial decline, instead of concentrating primarily on agricultural regions as at present.

The British Government does not, however, appear to expect much of substance to be decided on these issues at the Paris summit.

Strathclyde squares up for friendly devolution battle

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE KEENEST fight in the Scottish devolution referendum campaign is being slugged out in Strathclyde, the industrial heartland of Scotland where half the country's population lives and works.

The region itself extends from rural Argyll to rural Ayrshire, but the densely-packed towns mid-way between the two are the main battleground, with Yes and No campaigns squaring up to each other at community centre, Labour club and town hall meetings, on posters outside railway stations and at bus stops and shopping parades and via leaflets through every door.

It is largely a contest within the Labour Party, for Strathclyde is predominantly Labour country. Officially the party, the TUC and the Co-operative Party, which still has influence in Scotland, are in favour of a Yes vote. But a substantial minority in local Labour party groups and trade union branches is doing its best to counteract the best efforts of the party.

In referendum terms, the two sides are bitterly opposed. The split in the party over devolution has always existed, but is now larger than ever before. There is practically no area in Scotland where Labour has a committee or a group in which there is not a dissident on one side or the other. Strongly anti-devolution local parties have their pro-devolution nonconformists, and those which are heavily committed to the official campaign line also have their renegades.

But underlying this difference of opinion, both sides are making strenuous efforts to keep the campaign friendly, realising that when the referendum is over they will again have to work together.

This is reflected in the official attitude of the party, which has provided speakers to debate devolution with members of the Labour Vote No campaign, whereas it has refused to allow its supporters to appear on the same platforms as nationalists who are technically on the same side, pressing for a Yes vote. The Labour debates are drawing large audiences, larger than for practically any other issue, and there is a feeling on both sides that whatever the outcome on March 1, the controversy could be doing the party some good.

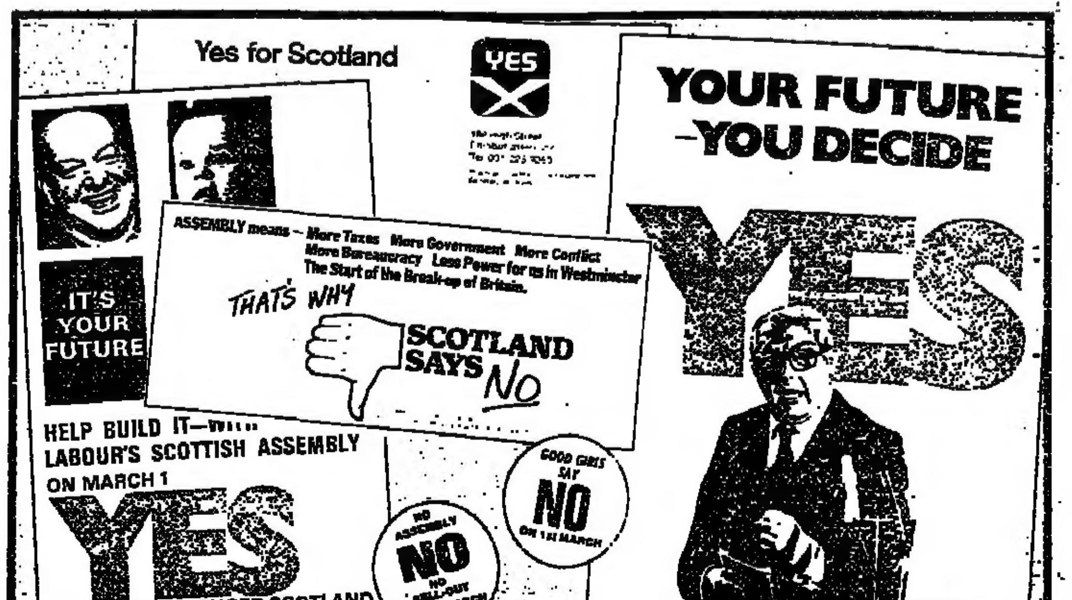
The Labour movement Yes campaign is putting much of its effort into west central Scotland. The opening rally last week, at which the Prime Minister made a surprisingly low-key speech, was held in Glasgow: Mr. Denis Healey is to speak in Cathcart, Mr. John Smith in Alloa, Mr. William Rodgers in South Ayrshire, and a host of lesser known names in other key areas.

Early in its campaign planning, the Scottish executive of the party was forced to realise that, even with trade union help, it would not be able to call out its troops for intensive persuasive canvassing such as its attempts during a general election. The emphasis has had to go instead on posters, leafleting and publicity generally on selective efforts to get the voters out in areas which are judged to be heavily pro-devolution.

Trade union help has been essential in padding-out the ranks of the loyal workers, although the commitment of unions themselves varies. The Transport and General Workers, which, in the person of its national executive officer, Mr. Alex Kitson, is largely responsible for Labour's commitment to devolution anyway, has thrown itself wholeheartedly behind the campaign, paying for a full-colour broadsheet which has already run to 300,000 copies and may be reprinted, and urging its members at all levels to take an active part in the campaign.

The miners are also strongly committed pro-devolutionists, although their influence has declined with the coal industry in Scotland. But others, such as the engineers, are divided. Only the building workers' union, UCATT, is committed against the official party line.

The effect of shop steward support for the devolution campaign could be decisive. Last week, 200 of them from Clydeside engineering and shipbuilding yards and factories



backed the official Labour campaign and agreed to further it in their workplaces.

The Labour "Vote No" campaign has had to rely on less formal support, although it is proposing to print 250,000 leaflets and is confident that local demand from sympathisers will be sufficient to see them all distributed. It achieved a major victory last week when three of its leading members obtained a court order banning party political broadcasts during the campaign. This has helped to redress the balance in its favour, since the No arguments would not have been allowed an airing in the official party transmision.

With less than two weeks to go, the fight to ensure a heavy turn-out is on in earnest to get out the vote, and the "No" side is taking this as seriously as the "Yes" side. The 40 per cent rule has encouraged some voters to believe that staying at home is as good as voting "No" and the anti-devolution campaigners have realised that this could rebound on them.

"We need the biggest possible turnout to give us the most truthful possible result," says Brian Wilson, chairman of Labour Vote No. "But, anyway, how can we ask Labour voters to stay at home this time and call on them to turn out for the next General Election?"

Racism complaint

LIBERAL peer Lord Avebury complained in the Lords yesterday about a gap in the law which makes people who broadcast racialist or threatening comments immune from prosecution.

He said that the Director of Public Prosecutions did not consider a broadcasting studio to be a public place according to the Public Order and Race Relations Acts.

He called for urgent changes in the law so that a person using words on the air "that are threatening, abusive or insulting, such that hatred is likely to be stirred up against any racial group in Great Britain" can be prosecuted.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Will trace pipe and test it

USEFUL advantage of new equipment developed by Termain of Stockwell House, New Buildings, Hinckley, Leics LE10 1HW (0455 32087) is that it can carry out a precise survey of a pipe's location under the ground, determine its depth and find possible defects in its coating.

Separate transmitter and receiver are used, the former being connected to a known point on an electrically continuous pipe. Then, a two-man team wearing rubber boots with steel spikes that are connected to the receiver walk along the line of the pipe: if they move to either side of it, the strength of an audio headphone signal gets less.

While the pipe's coating is good, a steady signal will be received in the 'phones and shown on a meter. But when the first member of the team approaches a fault a decrease in signal occurs and will disappear when the fault is between the two operators, locating the position accurately.

The receiver is then switched to the depth measuring mode in which a wand held at 45 degrees is moved to each side of the pipe to produce a null in each case (when the wand is pointing at the pipe). The distance apart of the null positions on the ground divided by two gives the depth.

This is the latest mobile semi-automatic filling machine for handling foaming and non-foaming liquid-food, paint and chemical products of various viscosities to be produced by Neumo, Quarry Road, Newhaven, East Sussex. The air-operated machine is capable of filling containers from 250 millilitres to 5 litres. Filling is initiated by a single air signal from a foot pedal control.

Simplified voltmeter

IN THE latest digital multimeter from Keithley Instruments, 1, Boulton Road, Reading, Berks. RG2 0NL (0734 861287), the analogue to digital conversion processes are controlled by a 6802 microprocessor, significantly reducing the component count resulting in less servicing, fewer calibration adjustments and "exceptional reliability."

Known as the 191, the instrument can measure over a 200,000:1 span without range changing. There are five voltage ranges between 200 millivolts and 1200 volts DC, the accuracy over a year being no worse than 0.01 per cent of the reading plus two digits. The six resistance ranges span 100 ohms to 20 megaohms at similar accuracy levels. An optional plug-in card provides AC voltage ranges from 2 volts to 1 kilovolt.

Displayed data is updated at the rate of four conversions/sec. and the instrument's settling time of 0.5 sec. is claimed to be half that of any competitive unit.

Accessories include radio frequency probe, 50 amp shunt, 40 kV probe and kits for rack mounting the unit, all available optionally.

High definition tube

MANUFACTURERS OF process control, air traffic control and other equipment demanding high standards of colour data presentation will be interested in high definition cathode ray tubes made by NEC in Japan and available from Impectron, 23, King Street, London W3 9LH (01-992 5388).

By employing a combination of in-line gun assembly and delta mask/phosphor, extremely fine focusing results in a 0.31 mm dot separation. In the 12-inch version of the tube, 80 alpha-numeric characters per line can be clearly written. The tube however, costs £280.

There are five versions up to 20 inches, and all have a newly-developed self-convergence system with the external tube neck components (deflection yoke and purity magnet) permanently attached to the tube and adjusted during manufacture.

A quick-start cathode heater is also employed, allowing a full image to be displayed five seconds after switch-on.

● SAFETY

Low cost fire alarm

DOMESTIC AND private business premises, although often protected against burglary, seldom have a fire detector.

Such early warning can be provided by a device costing under £10 from GC Fire Detection, 28 Station Road, Redhill, Surrey (Redhill 67499). Sensing both the visible and invisible products of combustion, the unit uses an ionisation type of detector, is self-contained and operates from a small alkaline nine-volt battery which lasts for a year.

A loud note is emitted if smoke is detected: when the battery is expiring, a different audio signal is produced.

Regular testing with a simple button is advised; installation needs no more than a screw-driver.

● CONSTRUCTION

Does not raise the dust

LAYING OF a concrete floor may create a platform for subsequent problems should grooves need to be cut for electrical installations or excavation made in a factory floor for the positioning of machinery, etc. Sections of the concrete may also have to be cut into for necessary repairs.

As a cutting saw will operate on dry concrete or asphalt there is an obvious hazard of polluted atmosphere from rising dust which may also settle on the surface and cause problems on drainage, or contaminate precision equipment in a work area.

Obvious solution is a machine that will cut the concrete and at the same time collect and contain any ensuing dust, says Errut Products, Jubilee Close, Townsend Lane, London NW9 8TT (01-205 9773).

Pedestrian controlled, light in weight and fitted with special filters for dust collection is the company's Easy Cut Saw Mark 11DE. Power is transmitted through triple "A" belts from a choice of diesel engines, petrol engines or electric motors, to an arbour shaft which cuts on the up-turn. The vacuum unit is mounted on a wheel trolley and connected to the saw by a flexible pipe.

● TEXTILES

Carpet patterns maintained

MOST CARPET made today is produced by the tufting process. The pile yarn is effectively "stitched" into a primary backing fabric and then held in place by a coating of adhesive. Finally, a secondary backing of hessian or latex foam is applied and the carpet is complete, except for an intermediate finishing treatment which regularies the pile.

This process is simple and operates at a very high speed. Over recent years there has been an increasing tendency towards finer constructions and now carpets are being produced of 1/10 in. gauge.

Normally, each element for the production of a row of tufts is mounted in the machine individually. This presents a major problem when it is realised that with three elements to a single row of tufts and ten such groups per inch, and with a five metre width carpet tufting machine of such a gauge there are something like 6,000 separate elements to be positioned and the positioning has to be precise, otherwise spoiled carpet will be produced, with stripes revealing any irregularities in setting.

A new approach to setting up tufting machines has been introduced by Cobble Blackburn (Gate Street, Blackburn BB1 3AH. Tel. 0254 55121.) This company earlier developed a series of elements mounted precisely in die-cast mounts. These need only be bolted into position on the tufting machines and are at once ready for use and in exactly the right position.

The company has been applying this new approach initially to the coarse gauge machines, but there has been an even more pressing need for something of the kind to be used on finer gauge tufters.

Now a new range of modular elements has been launched for use on 1/10-inch gauge cut/loop machines. These are clips and hooks and their introduction should greatly simplify the task of accurately setting machines to give high quality cloth. To make these very fine velvet-type carpets two factors are critical: yarn tension and competent precision. With the new modular elements, precision is guaranteed.

Fibre takes up more moisture

SEVERAL years ago a new viscose rayon staple fibre, later to be called Viloft, was introduced by Courtaulds. This is a hollow fibre somewhat resembling macaroni in cross-section and has the advantage of bulk without weight.

Now, a completely new development beyond this initial type is about to be produced in trial quantities by the company. This, as yet, has no special name, but is merely described as SI staple. The initials "SI" indicate super inflated. It differs from Viloft in that although it is hollow along its length it also has tiny openings across its width so that the central hollow is open to the outside atmosphere not only from one end or the other, but also laterally.

In the U.S. a number of highly absorbent fibres have been developed where there is a need for maximum moisture absorbency. Some of these are viscose rayons to which are grafted hydrophilic synthetic polymers, while others are what are often described as "alloy" fibres. But the problem with all of these is that they contain expensive and often complex synthetic polymers. With SI staple a number of possible advantages over these American counterparts are expected.

SI has moisture uptake that is at least 200 per cent of its own weight. This places it well ahead of any possible competitor. But in addition, being based entirely on viscose which is produced from wood pulp, the new fibre is completely natural in its origins and is also biodegradable. It is aspects such as these that encourage Courtaulds to believe that here is possibly an ideal basic fibre for this highly specialised business. The product will be marketed by the Viscose Division, Courtaulds (Rodwell Tower, Piccadilly, Manchester M60 3 AP. Tel. 061 236 3141).

● METALWORKING

Boring and turning mill

FIRST OF a new range of single-column vertical boring and turning mills, the SKQ12 NC, produced by the TOS Hulin works in Czechoslovakia, is available from the Selson Machine Tool Company of White Waltham, near Maidenhead, Berkshire.

SKQ12, one of three machines, has a table diameter of 1250 mm and a maximum swing of 1500 mm diameter. It will accept workpieces 900 mm in height and up to 6000 kg in weight. Anti-friction guideways are provided to rail head and ram slide and these have independent drives and ball screws.

The machine is equipped with a rotary tool magazine and tool changer capable of carrying 15 tools with automatic release and locking, also automatic cleaning of contact surfaces during tool changing.

Selson on 062 882 4611.

Finding a foundry

THE EIGHTH edition of the Foundry Year Book has just been published by Fuel and Metallurgical Journals, of Redhill, Surrey.

Over 1,200 foundries are listed alphabetically and described in detail. In addition to names, addresses, telephone and telex numbers, details are given of metals cast (with an indication of weight limits), processes employed and specialities of companies.

Copies, price £10 are available from: Promotions Department, Industrial Newspapers, Queensway House, 2 Queensway, Redhill, Surrey RH1 1QS.

● HANDLING

Rolls with less noise

PLASTICS beer kegs with a stainless steel inner shell promise to lighten the drayman's working day. They have easy handholds and are designed to stack on a delivery vehicle without the need of pallets (thus substantially increasing the payload), and the use of the polyurethane cladding will enormously lessen noise levels

Insulation properties of the polyurethane in hot weather provide a valuable benefit, and a money-saving extra has been discovered by the maker in that the bonded material does not attract vandals who prefer metal kegs for "selling" to scrap merchants . . .

Currently available in 50-litre capacity, Plus Kegs will be be offered later in other capacities says H. Erben of Hadleigh, Ipswich (0473-38 2911).

● COMMUNICATION

Facsimile runs fast

INTERSCAN has an agreement with Graphic Sciences Inc. (G.S.I.) to supply the new range of Dexnet facsimile equipment in the U.K.

GSI, a Burroughs subsidiary is offering three microprocessor-controlled terminals. The DEX 1100 is a low cost, low volume 2 minute transceiver: DEX 4200 is a 2 minute, fully automatic, duplex transceiver for medium to high volume and DEX 5100 is a high speed, high volume sub 1 minute digital transceiver, capable of 20 second transmission speeds and conforming to C.C.I.T.T. Group III recommendations.

All the terminals in Dexnet can communicate with each other. The Group II terminals are compatible with all the existing DEX range anywhere in the world without requiring modification, and they are compatible with all facsimile machines complying with C.C.I.T.T. standards in Groups I, II, and III.

Interscan, 39 Montrose Avenue, Slough SL1 6BS. 0753 70821.

● COMPONENTS

Galvanised windows

WE HAVE been asked by Crittall Windows to point out that the first cost of its galvanised steel windows frames is not 2.5 times that of softwood frames (this page February 14) but about the same as softwood.

It also makes the point that all such comparisons (between wood, aluminium, steel, etc) are "clouded by types, performance standards, various factory finishes and so on" and also by the method of installation (for example the use of a sub-frame of wood round a steel frame, which would then swing the cost balance in favour of the all-wood frame).

The new Renault 18. Everything the British love, the Germans demand and the Italians dream of.

A car that can get European heads nodding in agreement, has to be more than a diplomatic compromise.

It has to be a very special car.

The new Renault 18 has been proven to be just that.

A 5-speed gearbox and a 1650 engine give the 18 GTS an almost frugal appetite for fuel, both in town and on the motorway.

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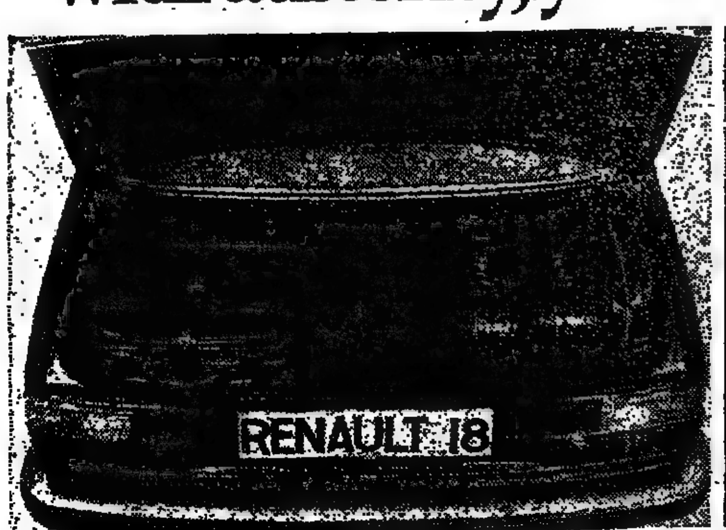
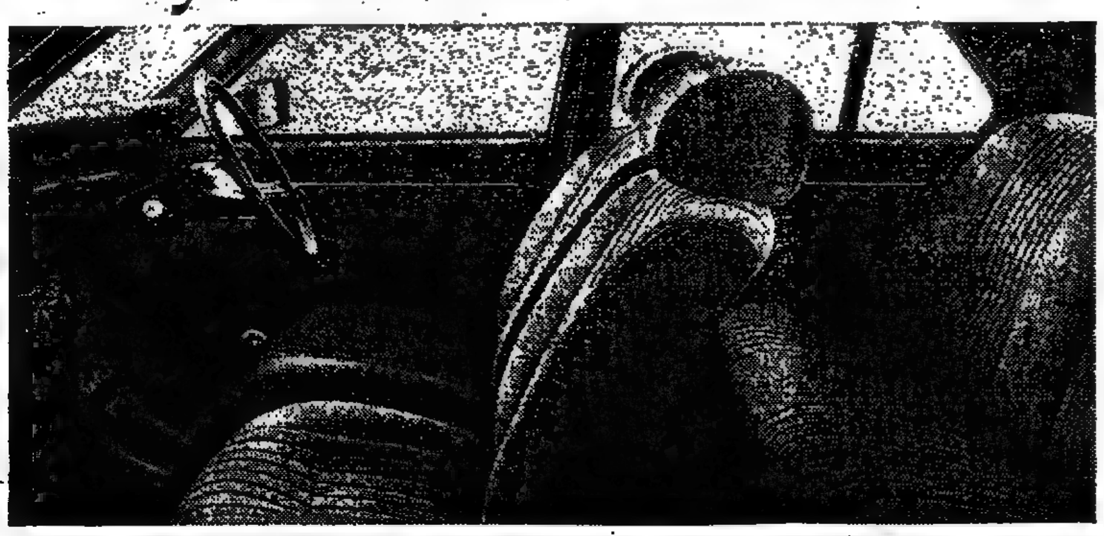
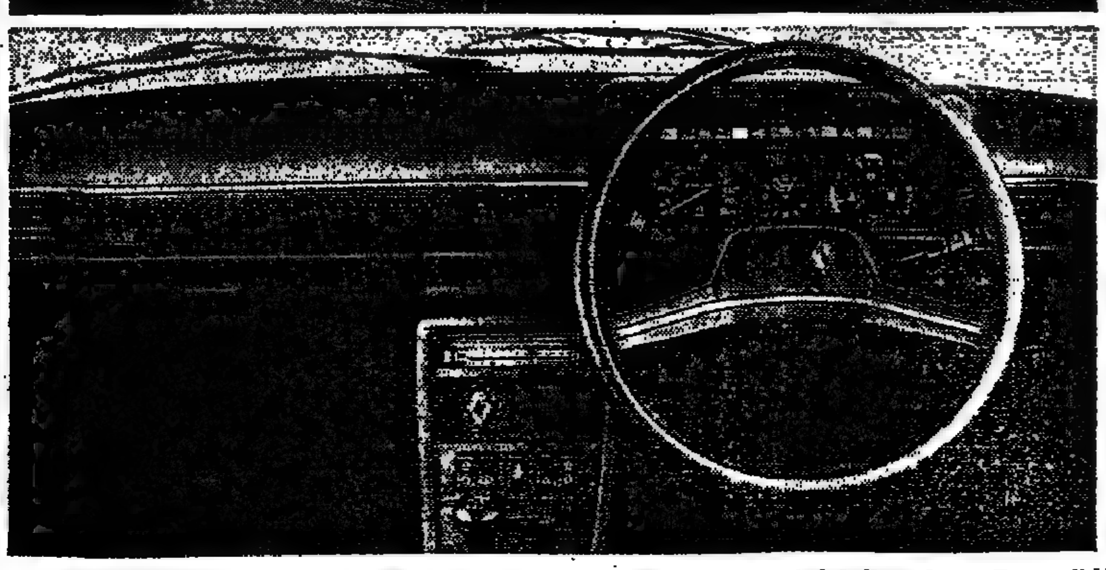
So you travel in a car that's as tough on the outside, as it is comfortable inside.

All in all, a test drive in a new Renault 18 should be enough to convince anyone that the French really can speak our language.







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For details of fleet sales, business and professional leasing or a brochure, write to Renault, PO Box 2, London W.3. For export details write to Renault UK Ltd., Western Ave., London W.3. Automatic version available on 1650cc models. Ask any of our 400 dealers about low rate Renault Loan and Insurance Plans. West End Showroom, 77 St. Martin's Lane, W.C.2. Renault recommend elf lubricants

THE JOBS COLUMN

How to educate visitors from headquarters

BY MICHAEL DIXON

THERE WAS this whizz-kid from a group that had just taken over a long established company, you see, and he was sent from headquarters to sack one of the company's old retainers who had been its sole trading representative in some remote, mountainous corner of Empire for decades.

But when the whizz-kid told the old fellow he was fired, he said no he wasn't, particularly since he alone knew who owed the firm money and there were enough never-never payments outstanding to keep him going for life.

The local police wouldn't do anything about it, he added, and if the group sent civilians to throw him off the top of his mountain, then . . . well. The whizz-kid had perhaps noticed the old 18-pounder gun ornamenting the terrace overlooking the only approach road. It was oiled and in full working order, and there was a limber full of shells in the wine cellar. What's more, the old fellow knew the range like the back of his hand. He wasn't the sort of management problem that young executives were taught about at business school, he said.

I am afraid I haven't space to tell you the rest of the play even though it was fascinating enough to have stuck in my memory for at least ten years since it was shown on television. But I feel sure that it must have been written by one of that generally under-appreciated group of people, the expatriate managers.

It was pure wish-fulfilment, of course. Although my acquaintance with expatriates has never been deep, it has been clear that while they probably day-dream constantly of laying down shrapnel on the bowler hats of distant directors, they rarely do so in practice.

No. Their reaction to visiting seniors tends rather towards the effusive. Every effort is made to make the interloper feel not just at home, but rather more comfortable than that.

By being so guarded from the difficulties of living, let alone of working for an alien concern in the particular foreign part, the senior manager gains the impression that the expatriate junior is enjoying the life of Reilly Sahib, and returns to noise same around the group's executive suite.

Thus the ground-down expatriates become more ground-down still, with every mention of their local difficulties being treated by headquarters as whimperings proceeding from mere petulance. But, as I have indicated, they typically do nothing about it except to dream of some pin-striped thorax moving squarely into the cross-wires, while saving up their scarce luxuries for the next welcoming cocktail party.

The worms show signs of turning, however, in Nigeria where I gather from Corinne Julius of the specialist monthly review *Expatriate*, a group of exiles from the United Kingdom have worked out a programme to give visiting seniors a sharper sense of reality. Since numerous Jobs Column readers are already ground-down abroad, and others are likely to be in future, I will pass on *Expatriate's* proposed curriculum for senior visitors to Nigeria, as a basis for suitable local modification.

Curriculum

Make sure that the arriving eminence is at the back of the mob surging around the immigration desk.

Bribe the customs and immigration staff to give the visitor a thorough and extremely time-consuming going over. Make sure that they find fault with his visa, vaccination certificates and currency declaration. If possible, have him arrested. You should not be around to help.

"Encourage" the airline staff to mislay the visitor's baggage for the duration of his stay.

Make sure that he is surrounded by touts who overcharge him for not helping.

On emerging from the airport several hours later, you should find that some essential part of your car, such as the wheels, have gone missing.

When hiring a taxi to take you both home, choose one which has no semblance of air-conditioning but is equipped with a stereo cassette player and just one locally produced tape playing at full volume. The driver must be a master of local driving.

On arrival at home, the electricity should not be functioning. Ensure the absence of the essential spare part for the generator.

Turn off the water at the mains. Put a few drops of muddy water in a bowl to tide the visitor over until the morning.

Make sure that the only alcohol available is of some strange variety which the visitor is unlikely to want. Naturally, no soft drinks and no ice should be available.

As his baggage has been mislaid, offer the visitor some of your own unwashed clothes to change into. Explain that there has been no water all week.

Prepare a very scanty meal, preferably all local food.

Mention over dinner that you have arranged for the visitor to take a look at the company's projects or agents up-country. He is to travel by road.

Release a previously mustered cloud of mosquitoes into the visitor's room, after carefully hiding insect spray and malaria tablets. The room's window should open slightly. There should be no mosquito netting.

Arrange for a simulated armed attack on the house at night. Forget to leave the guest a torch.

When the visitor decides in the morning that he has pressing business requiring his immediate return to base, explain that there is no telephone in your house and that the one at the office has been out of order for some time. Recall having heard talk of a two-month waiting list for outward flights.

Finally, enough being enough, send him home.

As Corinne Julius suggests, such a visit should be remembered by the headquarters personage as at least different from the usual trip, ensuring at least one colleague at home who has some notion of what the expatriate is living through. Moreover, there is a slight chance that the notion might be communicated to junior staff who actually deal with the expatriate's requests, so promoting some interest in meeting them.

World view

ONE KIND of manager for whom various pundits predict rising demand is the internationalist, not so much by on-the-ground experience, as by understanding. And Massey Ferguson has just come to market with a job which seems to me to offer a promising route to that kind of expertness.

The need is for a solicitor or barrister to join a three-strong legal department based at the London headquarters, though its members are required to travel abroad. They deal with negotiating and putting into force joint-venture projects, licensing of patents and trade marks, laws on employment overseas as well as in the United Kingdom, and spotting the likely effect on the group of trends in foreign and UK legislation.

Nigel Travis, the Massey Ferguson personnel manager dealing with this job (46, Clarendon Road, Watford, Herts WD1 1HQ) thinks the recruit most likely to be aged 28-33 and to have at least four years of post-qualifying experience in industry or in legal practice.

It does not matter in which country candidates gained their qualification provided that they are fluent in English and thoroughly know UK and EEC legislation. They must also be capable of working smoothly with people in the top ranks of management both within and outside Massey Ferguson.

The salary is not quoted. But I would estimate that the group must be prepared to go up to £10,000. Other benefits include a lease car, and BUPA. Applications to Mr. Travis should be in writing and include all relevant career and personal details.

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FINANCIAL TIMES SURVEY

Tuesday February 20 1979

Road Transport and Distribution

EEC regulations, government pressures and the lorry drivers' recent 22 per cent. pay settlement have all put the road transport industry in the spotlight as never before. This year's uncertainties in industry at large will only add to the difficulties of making operations pay

A time for pulse-taking

By Ian Hargreaves, Transport Correspondent

FOR THE road transport industries, the last 14 months have been confusing. General economic conditions were favourable for most sectors, but the regulatory and fiscal regime became somewhat more difficult and at the end of the period there was labour confrontation and a large wages settlement whose impact has still to be assessed.

In addition, the period was one of intensive pulse-taking. The Price Commission concluded that road hauliers' liquidity was dangerously exposed, but argued that the problem could be overcome by more efficient operation.

The Foster Committee decided that the existing operator's licensing system was more or less satisfactory and that it certainly was not responsible for the alleged financial ill-health of the industry. Its prescriptions were mainly aimed at improving environmental and safety aspects of goods transport.

Foster thus became the standard bearer of the 1977 Transport White Paper's commitment to "civilising the heavy lorry." The other key provisions of that White Paper were worked into the 1978 Transport Act, which is of little significance to hauliers outside the National Freight Corporation, but which does tamper with the financial and planning structure of the bus industry. For bus operators, 1978 was a year of relative stability, welcome after a decade of serious decline.

Meanwhile, the UK continued its three-year phased introduction of the EEC eight-hour lorry and bus driver's day. The first bite came at the end of last year, but the more serious stages for hauliers are due in July and at the end of next year.

The notorious tachograph issue re-emerged with the European Court's guilty verdict on Britain's non-implementation of a regulation governing use of the instrument for domestic work. The Price Commission recomended the tachograph, Foster seemed indifferent and the Transport and General Workers' Union said it would continue to fight it.

Of all these developments, there is no doubt that the national road haulage strike and the resultant 22 per cent settlement is of the greatest short-term importance. The estimated £20m revenue lost as a direct result of the strike is a blow from which the industry can recover. More serious is the question, unanswerable at this stage, of whether the industry has put itself significantly outside the national "going rate" this year and most serious of all what are the implications for the future wages bargaining structure in road haulage.

After being severely castigated last year by the Government for failing to hold regional committees to a 10 per cent line in wage deals, the Road Haulage Association this year produced even more disastrous results, from the point of view of Government pay policy, by strong, central and unreserved commitment to a deal based on arbitration between its own "final" offer of 15 per cent and the union's claim for 23 per cent.

The Association still believes that the industry needs a formal, national joint negotiating council, but the events of the past few weeks have done nothing to increase confidence that this would work in a fragmented industry of small firms, topped by a nationalised sector with an 8 per cent market share.

Certainly the wages settlement is going to make it more difficult if not impossible for hauliers to price the two to three points ahead of general inflation most of them believe necessary in the interests of financing future capital investment.

This year looks like being more of a holding operation in which industry may well reduce its dependence upon hauliers by extending own account fleet operations. Whether this happens will depend much upon the amount by which drivers' pay in the own account sector increases. Traditionally, the haulage drivers have lagged slightly behind.

The uncertainties of 1979 are increased by the impossibility of forecasting the pattern of manufacturing industry growth and level of consumer spending.

In 1978 0.7 per cent increase in the former and 6 per cent growth in the latter produced the best trading conditions for consumer-related haulage for four years. This meant that hauliers serving retailers and those operating parcels and small goods services did well—even the Post Office parcels service is expected to make money this year. Those dependent upon the construction industry, such as tippers, saw lean conditions ease slightly and the long-distance and heavier-vehicle general hauliers dependent upon heavy industry such as steel had another dull year. Consumer spending is generally forecast to grow by only 2.5 per cent this year, indicating slightly tighter conditions all round. The heavy sector should improve slightly.

Highly specialised sectors tended to do better than average last year, with car transport having its best year for seven or eight years, refrigerated trucks and food tankers doing well but non-food tanks, heavily reliant upon the chemicals industry, less buoyant.

In general terms, hauliers with a specialist, premium service will continue to perform best in 1979, although of course any small haulier working on a tiny number of regular contracts can be said to be in this position automatically. In spite of the inadequacy of the sample, the rate of return shown by the different sectors in the joint Price Commission / Foster survey, is probably a reasonable summary of past performance. This showed the parcels sector consistently making returns at more than twice that of long-distance hauliers, although using current cost depreciation. Foster was even more emphatic than the Price Commission that the average real rate of return in all size bands was zero. It is interesting, for example, that Securicor says its fastest growing sector is now its parcels business, which last year accounted for one-third of its £121m turnover.

The tightness of financial conditions should ensure a continued growth in both leasing and contract hire. Over half of the National Freight Corporation's spending on new vehicles last year was on contract-backed commitments and it is interesting to note the recent arrival in Britain of Fraikin of Paris, which claims to be the biggest truck rental/contract hire outfit in Europe. International hauliers, who have shown some of the most spectacular rates of growth in recent years, will certainly find transcontinental routes to the Middle East less rewarding again this year, although the steady build-up in British hauliers' European operations seems likely to contine in spite of the morass of regulatory and fiscal difficulties.

At home the Budget is expected to take the haulage industry one more step towards goods vehicle taxation based upon fully laden and axle weights rather than unladen weight. This will mean heavier taxes for the top-weight lorries towards which hauliers have increasingly switched in recent years.

More negative factors are indicated by the continuing turns of the EEC hours screw, which hauliers have said will cut productivity by 10 to 15 per cent, although companies with dense depot structures and less reliance on trunk operations in excess of 300 miles should not be too seriously affected.

Fleet operators, whether hauliers or own account transport managers, can also expect above-average increases in other basic supplies. Tyre manufacturers are expected to emerge from the savagely competitive period which has held down prices recently and fuel prices will respond to OPEC's phased 15 per cent increase as well as to political volatility in the Middle East. There is no sign that the anomaly of diesel fuel costing 5p per gallon more than petrol is about to end. For these operators whose smaller vehicles have petrol engines, there will also be extra costs as the Government's decision to phase out vehicle excise duty on petrol-engined vehicles in favour of higher fuel tax starts to be implemented, probably next year. As most goods deliver vehicles do more than the average 8,000 miles a year, they will suffer from this change.

The Freight Transport Association believes that the average increase in tax per company car will be £85 and a survey of its members' goods vehicles indicated an average increase in tax of £81 per unit.

These financial pressures are emerging at a time when the industry has little to look forward to by way of improved productivity from new motorways or, in spite of EEC pressures, from heavier vehicles. There is no doubt also, that pressures to reduce the impact of heavy lorries on the environment will continue to add to costs, whether it be in the form of a new Transport Act embodying the long list of recommendations in the Foster Report or the localised effects of lorry diversion schemes such as the Windsor cordon.

Another underlying trend working against public carriers is a probable decline in the pace at which industry is dispersing manufacturing, warehousing and retailing points. It is only this trend which has kept up demand for haulage services in the past five years, during which time tonnage lifted by road has decreased from 1.67bn tonnes to 1.42bn tonnes, but tonne-kilometres increased from 90.4bn to 98bn.

For the future, the industry can look to increased use of computer systems to aid scheduling, cost control and reduce manpower and to a greater stability of relationship with customers from more closely contractual relationships. The advance of physical distribution management philosophies, making transport a more integral part of the marketing process, could also help in this respect.

The potential of these gains hardly compares, however, with the tremendous boost of the motorway programme in the last decade and all the indications are that road transport, having come relatively comfortably through the recession, faces a testing period in the next few years.

ROAD TRANSPORT II

EEC membership a millstone

BRITAIN'S MEMBERSHIP of the European Economic Community continues to be of mixed consequence for road transport, with the advantages of stimulated roll-on/roll-off trade offset by continuing turns of the regulatory screw.

The trade growth is reflected in the spectacular returns of the major Channel ro/ro port of Dover, where commercial vehicle traffic grew by 10 per cent last year to 447,699 units. The port has now overtaken London in the value of goods moved and with UK-EEC trade forecast to continue growing steadily, the port's significance will increase further.

But the specific effects of EEC membership are still proving mainly negative for British transport. Another round of cuts in maximum lorry driving hours is due in July, when the continuous driving limit goes down from 5 hours to 4.5 hours, the daily driving period from 9.5 hours to 9 hours and the weekly and fortnightly limits from 57 and 112 hours and 54 and 106 hours respectively.

The consensus among hauliers is that by 1981, when the final phase of EEC hours regulations is implemented, the industry will have suffered a 10 to 15 per cent loss in productivity. The Freight Transport Association has put the cost at £350m.

Moreover it now appears extremely unlikely that the British Government will succeed in winning the concessions and exemptions from EEC hours laws which it hoped to achieve when the three-year phase-in was first agreed.

REMAINING HOURS CHANGES FOR DRIVERS

	Lorries (over 3.5 tons gross)	Buses and coaches (except on routes under 50 km)
Maximum continuous driving:		
Present	5 hours	5 hours
July 1, 1979	4.5 hours	
October 1, 1979 ...		4.5 hours
January 1, 1981	4 hours	4 hours
Daily driving period:		
Present	9.5 hours	9.5 hours
July 1, 1979	9 hours	
October 1, 1979 ...		9 hours
January 1, 1981	8 hours	8 hours
Weekly and fortnightly driving periods:		
Present	57 hours per week/112 per fortnight	
July 1, 1979	54 hours/106	
October 1, 1979 ...		54 hours/106
January 1, 1981	48 hours/92	48 hours/92

Request

Although a number of proposals are still on the table—chiefly, so far as road haulage is concerned, a request for Government power to grant exemption in various special industrial and geographic circumstances — Department of Transport officials do not seem optimistic. It is interesting that one haulier, H. Young Transport of Southampton, has recently won a £100,000 Government grant to switch from road to rail trunking on its Southampton-Scotland run. Road trunking has become uneconomic largely because of the new hours laws.

There is little doubt that one reason for the lack of progress on the hours issue as on a number of other details of Community policy and indeed bilateral transport matters between UK and other member states, is the Government's continued intransigence on the question of lorry weights.

In December, the Commission's latest initiative in its eight-year-old struggle to find a common community position on vehicle weights appeared in a detailed paper proposing a new maximum gross weight of 44 tonnes. Axle weights, which are the critical factor in the extent to which lorries damage roads, would be kept generally in line with Britain's existing 10-ton limit, although the motor axles on some articulated vehicles would be allowed to go up to 11 tonnes.

The Commission's paper is detailed and complex, but it strives for a compromise maximum gross weight between Britain's 32 tons and Holland's 50 tonnes, while holding down axle weights. This means, for example, that the kind of four-axle articulated vehicle so popular on the Continent (the two-axle lorry pulling a two-axle trailer of similar dimensions) would be limited to a gross weight of only 35 tonnes, which would mean a big reduction in payload for Italian, French and Dutch operators in the interests of holding close to the British line on axle weights.

For the foreseeable future, however, this document seems likely to gather dust as the British Government is refusing even to discuss the matter in Council of Ministers. This reluctance is based mainly upon fears of the political unpopularity of seeming to sanction even bigger juggernauts. This argument is particularly infuriating to the haulier and vehicle manufacturer who know that the dimensions of the new breed of vehicles would be no greater than those of many trucks already in service. Indeed many of these 44-tonners are already to be seen on British roads, running partially laden. The 44-tonne limit has been chosen to allow lorries to carry the shipping industry's standard 30-tonne, 40-foot container. Again, these boxes are common enough on British roads, but they have to be partially unstuffed at the ports before commencing their final journey by road.

The Government's political nervousness about the issue was not helped by the extremely well-timed, from the anti-lorry lobby's point of view, leaking of an internal Department of Transport memorandum showing senior officials' strong support for an increase in weights. The basic position of the officials involved came as no surprise to anyone, but the campaigners were able to make much of the document's suggestion that an independent official inquiry into the weights issue should be so arranged as to produce the "right answer"—that is the answer subscribed to by the officials. Strident accusations of inquiry rigging came from the expected quarters.

Events since then have gone some way towards confirming that an inquiry would be a good thing, because there are a number of pieces of genuinely conflicting evidence on the weights question.

The Commission, for example, assumes in its paper that there are considerable energy gains to be made from heavier lorries and a study by the Government's Transport and Road Research Laboratory published in December agrees, suggesting an 18 per cent saving by moving from 32 to 38 tons.

But shortly afterwards, another Government agency, the Vehicle Standards and Engineering Division, published the results of a test of 17 vehicle combinations and concluded that there was no apparent energy gain from the larger vehicles. More seriously, it found that the heavier vehicles had less effective brakes and less resistance to roll-over.

The Commission's paper argues, validly, that some of the heavier vehicles it is proposing would do less damage to roads than existing vehicle types, but this argument cuts little ice with environmental campaigners, whether it be Friends of the Earth or the *Comite Anti Poids Lourds*, who feel that lorries are already too large and too numerous.

Meanwhile, an inquiry to assess available technical research and to examine unresearched areas would be a positive step. Britain's gas and water industries, for example, told the Foster Committee that heavy lorries were thought to be a major cause of fractured mains. It is one of many areas where more research is needed.

Unless the EEC can successfully tackle these basic questions of common standards and environmental planning in transport, there is little prospect of movement towards the Commission's goal of greater liberalisation of road haulage in Europe.

It is the search for common standards, both in regulation of competition and of safety, which lay behind the Community's tachograph regulation, whose non-implementation has recently seen Britain convicted in the European Court.

Quite how this affair will now unfold remains a matter of speculation, but the odds must be overwhelmingly in favour of a deal in next January's road haulage pay settlement in which the unions are paid to accept the tachograph as part of a productivity package. Whether the instrument will actually improve productivity, as the manufacturers and some users claim, remains to be seen, but the Government told the Foster Committee on licensing last year that it would cost the industry £100m initially and £40m annually.

Another, less serious transport matter on which Britain is keeping its Community partners waiting is that of reference tariffs for international haulage.

Reference tariffs were agreed as a compromise after another of the Community's long-drawn-out struggles between these member states, like Germany, which take a heavily dirigiste view of road transport, and the liberals, like Britain, which prefer to let the industry operate in as free a market as possible.

Demands for compulsory tariffication were beaten off, but it was agreed that the Commission should receive annually a set of reference tariffs, showing the going rate for a range of international journeys in the Community involving a variety of vehicle types. These tariffs are binding upon no one.

The hold-up has come because in Britain, the Freight Transport Association has a statutory right to vet the tariffs agreed upon by the international haulier associations (the Road Haulage Association in Britain). The FTA complains that the rates are 30 per cent above the charges actually being made to its members and it fears that publication will encourage some hauliers to push their rates closer to the reference level. The problem, of course, is that British haulage services are among the cheapest in the Community so any tariff agreed internationally looks high to a British user. The matter is now with the Department of Transport.

The next year does not hold out the prospect of dramatic developments in the Community's road transport policy, which at best moves forward by inches and occasionally seems to be going backwards.

Mr. Richard Burke, the Transport Commissioner, has this year launched a major initiative on the question of common funds for infrastructure projects, with a suggested budget of £21bn up to the year 2000. The only project, however, with any steam behind it at this stage is the British Rail - SNCF rail-only Channel Tunnel project and Mr. Burke's proposal looks like another of those distant objectives which it will take many years to struggle towards.

Comparative trials of articulated goods vehicles between 32.5 and 44 tonnes gross. From Room C19/20, Department of Transport, 2 Marsham Street, London SW1. £0.85p.

Fuel utilisation of articulated vehicles: effect of gross vehicle weight. Transport and Road Research Laboratory, Crowthorne, Berkshire RG11 6AU.

I.H.

Prices inquiry

WHEN IT was announced last year that the Price Commission intended to investigate the road haulage industry, the Road Haulage Association, surprisingly, welcomed the news.

Although hauliers had their reservations about dealing with another tide of questionnaires, the Association felt that the inquiry would prove its own thesis about the economic state of the industry; that it is short of liquidity, struggling to finance vehicle replacement and finding its charges held well below the growth in costs.

As it has turned out, the Price Commission exercise has been of use and interest only in this academic sense. Launched because of hauliers' decisions in 1977 to pay annual drivers' wage increases at 5 per cent above the Government's 10 per cent limit, the possibility of Price Commission interference with future rate increases by the industry arose just at the moment when the industry was again setting the pace in destroying Government pay limits.

Reasons

The reasons for the Government drawing back from attempting to control the industry's prices principally reflect the political circumstances of the first few weeks of January, when factions inside the Cabinet were tussling over the right response to broken pay limits. But it also reflects the very considerable difficulties associated with controlling prices in an industry with 46,000 operators, 45,000 of which have fewer than 20 vehicles.

It still remains to be asked, however, what the Price Commission did prove about the state of the industry. The RHA, of course, wanted its version of events supported as part of its fight against higher taxes on the heaviest lorries, which seem to be a virtually certain component of this year's Budget.

Surprisingly, the Commission's report did not even attempt seriously to deal with the question of whether the industry's prices were going up faster than its costs—again an indication of the difficulty of controlling this equation if the monitoring body cannot even establish the recent historical record.

In the section on prices, the report simply presents what it regards as the unreliable data used in compiling the Freight Transport Association's haulage charges index. These showed typical increases of between 60 and 70 per cent between January 1974 and March 1978, during which period the retail price index moved up by 90 per cent.

The accuracy of the FTA calculations is doubted because of the smallness of the sample and the fact that most customers bargain successfully for discounts on the published rates.

A typical haulier's response to the question of how much his rates increased in this period would be around 50 per cent, during which time new vehicle costs rose by between 90 and 180 per cent—figures more or less borne out by the Price Commission. It is a pity that the report was not able to be more definitive on this central point.

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UK manufacturers boost sales

THERE IS every sign that UK-based commercial vehicle producers will be in a position to fight back aggressively in 1979 and regain some of the ground lost to imported vehicles. But much depends on whether the major groups get relatively trouble-free production at their British plants.

Last year followed a depressingly familiar pattern as far as the UK producers were concerned. Output fell from 398,300 commercial vehicles in 1977 to 384,500, a fall of 3.5 per cent. Industrial disputes at Leyland Vehicles' plant at Bathgate early in the year was followed in the autumn by the nine-week shut-down at the Ford plants provided two major trouble-spots during the year.

Yet demand continued to be extremely buoyant. While the rest of the European markets mainly languished in recession, the UK, a little slower to recover after the oil crisis of 1973, witnessed considerable *sales increases.*

Registrations of commercial vehicles, according to the Society of Motor Manufacturers and Traders figures, jumped 13.8 per cent to 256,285. And imported vehicles took 21.7 per cent of the market compared with only 16.5 in 1977.

Ironically, it was not only production difficulties which accounted for this jump in imports. But the fact that some UK-based manufacturers were concentrating heavily on exporting contributed to the problem. They were leaving gaps at home while tackling the much more price competitive markets outside the UK.

Mr. Peter Foden, chairman of ERF, one of the smaller UK independent truck makers, summed it up. "The general world recession in commercial *vehicle sales tends to encourage* manufacturers to penetrate the best available markets at prices well below normal levels. This, coupled with immediate availability—not necessarily superior *products—is a major factor in* the increased penetration by the foreign groups of the UK market.

"We believe our immediate role at ERF must be to concen*trate on import substitution,* even if it means less emphasis on other world markets. The UK balance of payments and levels of employment must improve if the UK manufacturers *take an increased share of their* own market."

ERF, in its own quietly confident way, is to double output of around 3,500 trucks over the next five years with a £10m investment programme which involves setting up a new production facility at Wrexham, 30 miles from its main base at Sandbach in Cheshire.

It is important that the smaller groups like ERF and its neighbour at Sandbach, Foden, continue to do well if the UK industry is to remain healthy. But much more essential to its survival are the fortunes of the "big four": Leyland Vehicles (and its stablemate BL Cars which produces light commercials), Ford, Bedford and Dodge.

Leyland Vehicles in particular *has been going through a sticky* patch. But investment has continued and around £350m will have been injected into the commercial vehicle business of BL between 1975 and 1981. Already well over £100m has been earmarked for new model programmes and factory modernisation.

Impact

It has been widely known for more than a year that Leyland has a new range of trucks almost ready for launching in the home market and this must *certainly have had an impact on* sales. It is only natural that a potential customer is going to hold back from buying a truck from a manufacturer which is just about to put a new one on the market. And Leyland has been "just about to put a new truck on the market" for a long time.

But is has been decided that no launch will take place until dealers have a good stock of the new trucks and the company can be guaranteed an uninterrupted production run to meet the demand it is sure will be created.

Top management changes have created another temporary hiccup. Leyland Vehicles was without a managing director for several months after Mr. Desmond Pitcher left. But now Mr. David Abell, formerly head *of SP Industries BL's specialist* engineering division, is firmly in the driving seat and attempting to make the most use of the available management talent within Leyland Vehicles.

There is no doubt that, given a fair wind on the production front, Leyland Vehicles can be a highly profitable organisation once again as the launch of the new truck range, probably in *stages over the next two years,* gathers pace.

There is also heartening news from the Ford camp. The group insists that trucks are as important to its future as passenger cars and for that reason it will be spending £400m on its commercial vehicle business in Europe over the next five years — about half of it in Britain.

Almost certainly there will be a large-scale expansion of Ford's plant near Slough to cope with increased production of the middle-weight D-series trucks along with a complete revamp of its Transit van.

Bedford may also be making changes to its long-serving TK range in the near future having virtually completed the introduction of the heavier TM. General Motors of the U.S., which owns Bedford, has made its European policy as far as production goes clear enough—Bedford in the UK will be *responsible for the design and* development of commercial vehicles while Opel in West Germany will be responsible for cars. But there are still many questions that remain unanswered about GM's investment intentions and how it sees its future in the commercial vehicle business in Europe.

The future of Chrysler UK is much more secure now that it is part of the Peugeot-Citroen group and its commercial vehicle interests provided one of the few attractions for the new owners.

Chrysler's Dodge 300 Series range of trucks will become one *of the most comprehensive on* the market with the progressive introduction from June this year of three new models and two new engine options. This means the 300 series will offer trucks from 16 tons to 32 tons in the UK with the top model capable of going up to 38 tons in Europe or even 40 tons with some minor modifications.

Also around the middle of 1979, Dodge will launch its new 50 range, as it promised the UK Government at the time of the financial rescue operation some two years ago. The Dodge 50 range will replace the walk-*through* van and Bantam vehicles and offer trucks from 3.5 to 6.5 tons.

Another encouraging sign for the UK-based industry is that International Harvester, the *new* American owners of Seddon Atkinson, have injected more management and investment and the results are showing up dramatically in the market place. Seddon Atkinson had 3,825 of its commercial vehicles registered in the UK in 1978 compared with 3,082 the previous year.

But perhaps an even more interesting statistic is that Seddon last year was producing on average 101 trucks a week against only 63 in 1977.

Although Seddon is relatively *small compared with its parent* —which claims to be the world's largest truck manufacturer—obviously International Harvester has decided to "grow" the business considerably.

One of the facts of commercial life, however, is that once imported products gain a foothold in a market they are extremely difficult to dislodge. And some continental companies have more than just a *foothold.* Volvo, for example, sold more trucks in the UK last year—3,725—than in its native Sweden. Even though the Swedish market was particularly depressed this indicates the importance of Britain in Volvo's operations.

The group has replaced the whole of its truck range over the past five years and will go on spending very heavily to keep up the pace in future.

Mercedes-Benz of West Germany also had a highly-successful 1978 in the UK with unit sales jumping from 3,011 to 4,269. *It expects this year to be* a period of consolidation but could well push unit sales up to 5,000.

DAF of Holland, with 1978 sales up from 1,431 to 1,720, and Scania of Sweden, with registrations increasing from 835 to 1,394, obviously have broad bases to build on in the UK.

Renault of France is working hard to turn its commercial vehicle operations (taking in Berliet and Saviem) into a viable business and sees the UK as an important market in which to show its potential. The Renault name will be used instead of the less familiar marques and more dealerships are being recruited.

The pan-European organisa*tion, IVECO, in which Fiat of* Italy is the majority shareholder but which also includes Magirus Deutz of West Germany, is also in the process of revamping its UK operations which up to now have run along separate paths. For example, negotiations have been going on for the purchase of a custom-built headquarters and parts centre on a new town industrial estate still to be revealed. Between them Fiat and Magirus sold around 200 trucks in the UK last year and as the major truck-maker in Europe IVECO will obviously want to do better than that.

Another joint venture, this time between two West German groups MAN and Volkeswagen, will also have a considerable impact in the UK. Between them the partners intend to offer a more-or-less complete range of commercials, from the smallest to the heaviest, and have combined their marketing efforts throughout Europe.

The deal eventually will give MAN-VW a combined output of around 300,000 trucks a year, in line with Europe's other major manufacturers, IVECO and Daimler-Benz (Mercedes).

In the UK a new marketing company became operational early this year and turnover in the first year should be around £30m. VW has around 90 specialist truck dealers and MAN 30, giving the new company an immediate network of 120 outlets—and there will be more recruited.

All this activity by the Continental Europeans will continue to put pressure on the UK-based manufacturers. Some may count them fortunate that political pressure is keeping out Japanese trucks of over 3.5 tons and *seems* likely to do so for some years to come.

Kenneth Gooding
Motor Industry Correspondent

Prices inquiry

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Instead, the report has to rely on more familiar, but still imprecise, indications of the state of the industry's finances. These show, from the Commission's independent survey, that direct costs in the industry grew between 0.7 per cent and 4.2 per cent more quickly than turnover between 1975 and 1977. It was the largest firms with 100-plus vehicles and presumably more sophisticated cost management techniques and more in-house maintenance which kept movements of costs and turnover closest together.

Other indicators are less clear cut. Net profit in the sample, *for example, fell by 3.1 per cent* for the 21-100 vehicle fleet but increased by 2.6 per cent for the 100-plus fleets. Return on capital fluctuated widely according to the type of haulage *involved,* with parcels and tankers showing strong improvements between 1975 and 1977 and tippers showing uniformly very poor results. In general haulage the smaller fleets were making higher returns than the big fleets, but there was no common trend of improvement between 1975 and 1977.

But the most significant set of figures, so far as hauliers' liquidity and therefore their ability to survive is concerned, are those relating to vehicle depreciation costs. For the 100-plus fleets, provision for depreciation actually fell by 8 per cent in the period, while rising by 1 per cent in the 21-100 category.

Clearly the shift to leasing (7,233 leases worth £114m for goods vehicles in 1977) and contract hire is part of the explanation, but the report goes on to show that the smaller firms spent 92 per cent of funds generated by profit and depreciation on vehicle purchase in 1977, compared with 66 per cent two years earlier, while for the big companies, the proportion remained steady at 70-71 per cent. Although the report does not say this, the total 21-100 vehicle fleet on operator's licence fell by 15 per cent in this period and the 100-plus fleet by 11 per cent in this period. This suggests that much larger resources were being used to *finance a declining industry.*

The report agrees that "the situation implied by the squeeze on cash-flow is a serious one . . . and one which could have important repercussions in the medium to longer term."

Having got to this point the Commission, fulfilling its political role, goes on to argue that these financial pressures must be alleviated not by higher charges but by greater efficiency: better clearing houses and more to reduce the industry's 30-40 per cent empty running, more night-time and weekend use of vehicles, tightening up labour costs by getting rid of payments for hypothetical overtime, using the tachograph to monitor costs and more thorough cost management.

Many of these "solutions" have, as the industry was quick to point out, already been put to the test and the scope for savings from the lot of them is put by National Freight at below 1 per cent. Sunday working, according to the RHA, would add 7 per cent to total costs. Also, the Commission may well be wrong to assume that the smaller firms in the industry are not well-informed about their costs and operational defects. As most small hauliers work very closely with a limited number of major customers, this kind of information is not difficult to obtain. The lack of bargaining power over rates in the less specialised areas of general haulage is much more likely to be the determining factor.

The fact remains, in any case, that the haulage industry has, apparently, in spite of the anxieties of the RHA and the criticisms of the Price Commission, kept its house in order through the turbulent economic conditions of the last four years. Since 1974, the size of the total hgv fleet over 3.5 tons (including own account) has dropped from 637,000 units to 550,000 units and the concentration into heavier units has continued to the point where vehicles over 28 tonnes gross now account for 63.1 per cent of the goods moved by hgv's. The switch to heavier units has kept the capacity of the fleet fairly constant but probably reduced operational flexibility somewhat.

This slimming down took place in time for the industry to enjoy in the second half of last year what was probably its best trading period for five years.

Had these conditions, based upon a mini consumer spending boom (mail order business was up 9 per cent last year, which is particularly critical for smalls and parcels operators) persisted in 1979, the seriousness of the liquidity problem would certainly have lessened.

As it is, the general economic prospect for both retailing and manufacturing industry, to which the haulage industry is so closely tied, do not appear particularly favourable. On top of this has come the 22 per cent 1979 wages settlement, which is expected to push up costs and therefore charges applications by between 15 and 20 per cent. In addition, the industry faces a half-hour cut in the driving day *from July and the prospect* that the European Court's ruling on the tachograph could lead to new industrial strife or a decision by the Government to at least enforce the tachograph commitments already accepted: that is for single-manned articulated vehicles on journeys over 281 miles.

A budget likely to contain higher taxes for the heaviest *vehicles, in which the fortunes* of public hauliers increasingly reside, and probably above average inflation in fuel and tyre prices have suddenly combined with the general economic outlook to indicate a very tough year for the industry in 1979. Moreover, these conditions occur when hauliers have little prospect of gain, as in the past, from new motorways and heavier lorries.

The usual measures of cutting fleet sizes and deferring replacement of vehicles will no doubt take place if the squeeze becomes too tight. During 1978, the industry stepped up its intake of commercial vehicles very rapidly, with a 13 per cent increase in sales compared with 1977 and a slightly higher figure for the bigger vehicle categories.

If these measures do not work, or if hauliers do start to find customer resistance to the higher charges they undoubtedly need in 1979, we could start to see a reversal of the trend towards public haulage and away from own account operations. Between 1972 and 1977, the hauliers' share moved up from 59.8 per cent to 66.2 per cent. This trend took place as own account operators increasingly moved out of long-distance work (the own account sector's average length of haul changed little from 1976-77, as the haulage industry's average shot up from 75 to 84 kilometres).

For road haulage, as ever, the proof of the pudding will be in degree of customer indigestion. Industry has in the last four years been increasingly content to see its dependence upon public carriers increase, partly because of the increasing complexities of road trunking operations but mainly because those services have represented good value for money.

This is the mechanism which will determine hauliers' fortunes this year. It is also the mechanism which made any question of Price Commission intervention to protect industry against predatory haulage rate increases quite irrelevant.

Ian Hargreaves

Problems for hauliers

FOR LONG-DISTANCE international road hauliers, very little has gone right in the past 14 months.

The pace of economic growth in the industry's most lucrative markets in the Middle East continued to slacken, the ports of those countries were relieved from congestion after a massive construction programme making sea-routes more competitive and there was violence in Turkey, a key transit country, and then Iran, the most important Middle East market of all.

At the same time, transit countries in Europe and Asia were reacting increasingly against the growth in transcontinental lorry traffic which followed the OPEC-induced boom of 1974 by introducing tougher controls on the vehicles which to them are primarily a nuisance. Transit taxes appeared or were sharply increased in Austria, Yugoslavia, Jordan, Syria, Saudia Arabia and Turkey. Today, 20 per cent of a haulier's cost in taking a vehicle to the Gulf can be comprised of these taxes.

Not surprisingly, these factors, combined with the development of stronger trading conditions for hauliers in Britain and Europe, produced a prompt decline in the number of operators running to the Middle East. Sales of carnets for the region by the Road Haulage Association fell last year by 37 per cent to 5,403.

This situation is unlikely to change much in 1979, although one trend, that of shipping rates, should start to move in favour of road hauliers in the course of the year. At present, the chronic overcapacity of shipping services to the Middle East is still holding down rates to unprofitable levels, and a standard container can be moved to the region by ship for not much more than half the cost of an overland haul.

Construction

But with the frenetic pace of construction and industrialisation unlikely to return to the Middle East, it can be expected that direct haulage links will continue to diminish slightly this year.

The legacy of transit taxes, however, is here to stay, in spite of the vehement protests of the International Road Transport Union and the retaliatory measures taken by certain East European countries against Austria's transit tax, which began last July.

Switzerland is now seriously considering following the Austrian model and West Germany, which already has a form of tax in the way it forces hauliers unable to obtain scarce road permits on to the "piggyback" services of its railway, is generating debate within the European Community about the whole issue of infrastructure charging. At present, the main focus of the debate is the system of charging for inland waterways, but the German Government is also concerned about the financial and environmental consequences of third countries' lorries use of its road network.

For the public haulier, the difficulties and expense of getting through Eastern Europe and South West Asia are compounded by the continuing frustration of the shortage of transit permits for key European countries, notably France and Germany. Own account lorries are not usually affected by permit regulations, although France is an important exception, and the indications are that international and even intercontinental movements of own account vehicles have not fallen so sharply as in the haulage sector, which traditionally dominates long-distance routes.

Certainly in Europe, the growth of multinational companies, combined with permit restrictions, has stimulated the own account fleet. The Freight Transport Association guesses, in the absence of any precise figures, that 10 to 15 per cent of the UK own account fleet's work is now carried out abroad, compared with 5 per cent a few years ago.

Britain's bilateral permit negotiations continue to be tough going for the most part, though there have been some significant improvements in the 1979 allocations. Italy, in particular, has taken a more generous position in the last two rounds of talks, but gains here are largely offset by the meagre 6 per cent increase granted by France. This disappointing deal with France reflects both French objections to the British stance on the EEC lorry weights question and a response to a substantial spate of forged permits found to be coming out of Britain last year. The Department of Transport believes it now has the forgery problem in hand.

The EEC multilateral quota, which allows the holder free movement in all member states, continues to be of only minor importance with a 10 per cent increase to 3,122 in the total allocation for 1979, of which the UK receives 355. There is still absolutely no sign that the original purpose of the multilateral quota as part of a move towards derestricted international haulage within the Community is an achievable goal.

In spite of these regulatory problems, to which could be added a long list of minor tribulations, including the growing restrictions on weekend and holiday operations in many European countries and the increasing pressures to divert lorries from environmentally sensitive areas, short sea roll-on/roll-off services continue to thrive and some operators at least are confident that ro/ro will continue to establish itself on longer routes. Mr. Peter Thompson, National Freight Corporation's chief executive, has forecast ro/ro between Europe and the U.S. within the decade and a ro/ro service has even recently been launched between Europe and Venezuela.

But it is the accompanied ro/ro business on the North Sea and Channel which is the international industry's bread and butter and where companies like Ferrymaster, the P & O subsidiary, have experienced rapid growth in recent years. Ferrymasters now claims to be Europe's largest international haulage specialist, with an 8 per ent share of the European ro/ro door-to-door business and 15 per cent of the Scandinavian business.

Annual UK bilateral road haulage quotas

	1977	1978	1979
AUSTRIA	3,400	3,400	3,400*
FRANCE			
general	40,000	41,000	43,500
co-operation	8,500	9,500	13,000
special	—	—	5,000†
WEST GERMANY			
general	8,250	9,000	not agreed
others	6,680	8,680	8,680
ITALY: general	4,850	6,450	7,000
PORTUGAL			
general	325	540	435
co-operation	125	125	250
SPAIN: general	2,800	2,100	not agreed
YUGOSLAVIA			
general	2,000	1,200‡	not agreed
taxable	3,000	3,800§	not agreed

* Provisional. † Special non-transit quotas for hauliers who used German rail "piggyback" service in 1978. ‡ Terminating. § Transit.

Ferries

Between 1972 and 1976, total goods vehicle traffic carried by ferries between Britain and Europe doubled to 887,272 movements, including trailers. For powered units, which effectively accompanied vehicles, the growth was even sharper from 220,000 to 484,000 units. Department of Transport statistics for 1977 show another big increase to 952,236 total movements, of which 533,774 were powered units.

The rapid expansion of ferry services which met this increase in demand in the early 1970s has not however, been sustained and last year on the North Sea there was some rationalisation as operators sought to cut costs and reduce overcapacity. Channel services, however, continue to be highly profitable for the main operator. The Road Haulage Association puts the average increase in charges for these services implemented at the beginning of this year at 15 per cent.

Expansion is continuing at a number of key ports on both sides of the Channel, with major developments in ro/ro capacity at Dover, Felixstowe and the Tyne ports either planned or recently completed.

The other side of the coin in international working so far as British hauliers are concerned is the extent to which foreign operators are taking UK-Europe business. At the height of the recent UK road haulage strike, Mr. John Silbermann, the Road Haulage Association's president, warned that foreign hauliers were becoming an increasing threat as they took advantage of the British industry's labour problems.

So far, however, the British industry appears to be retaining a reasonable market share. In 1976, British registered vehicles accounted for just under half of Europe-Britain movements and almost exactly half of Britain-Europe powered vehicle business.

The most important foreign competitor, reflecting its importance as a trading partner, was France with a 12 per cent share of total movements both ways, with the Netherlands in second place with about 5 per cent. Dutch hauliers are particularly strong in UK-German traffic and along with the Belgians are thought to have a 50 per cent share in haulage on these routes.

These figures (taken by the Department of Transport from ferry companies' returns) have to be treated with some caution as they show, for example, that more Finnish vehicles left Britain in 1976 than entered, but they give some indication of the balance in various trades. The problem for British hauliers is that because countries like France are key transit countries for much of their European work, there is an inevitable imbalance between relative demand for entry permits from hauliers of each country. At present, three British vehicles enter France every two French vehicles entering Britain. With Germany, the imbalance is even greater at 70:30, which goes some way towards explaining the stickiness of quota negotiations with these countries. This problem is alleviated somewhat by the co-operation quota system, whereby France gives Britain extra permits in return for British hauliers finding backloads for French vehicles. This, however, is one reason for the growth of foreign haulage activity in Britain.

Arrangement

A more satisfactory arrangement, from the British point of view, is the formation of joint ventures with continental companies, such as the parcels service started last year by Courier Express in conjunction with Van Osselaer-Pieters of Belgium and Intrex-Holland. The structure of Britain's haulage industry, with very small firms predominating, makes such ventures more difficult, although a number of small hauliers have made links of varying formality with continental partners. One advantage which the British companies retain, in spite of the recent 21 per cent wages settlement, is an edge on costs. German long distance drivers' wages, for exampe, are still around 30 per cent higher than those in Britain. According to a recent Dutch survey, British wages are now only 42 per cent of Dutch rates.

I.H.

Environmental issues cannot be ignored

THE IMPACT of the lorry on the environment has become firmly established as a major political consideration in determining transport policy. Thrust into the centre of the political arena during the past decade the environmental effects of the lorry sometimes impinge on the pure economic factors.

The social and environmental costs of lorry transportation are now accepted and recognised as an important factor in transport planning and a legitimate battleground for the politicians and pressure groups. While some might argue that the volume of official and semi-official material produced on the subject has failed to resolve the underlying dispute it has at least recognised its existence.

The lorry "threat" has become a major issue in road planning inquiries, is recognised in Acts of Parliament, mentioned by MPs, alluded to by Ministers and has recently formed the basis for a major court case over the right of local authorities to ban heavy lorries in their areas.

Argument

If the root of the argument is based on the relative merits of road versus rail freight transport it is now generally accepted that without a radical and massive shift in resources in the UK economy, the lorry is here to stay in one form or another and much of the debate has shifted on to the question of how to live with it.

The environmental and social costs of the lorry fall into a number of distinct catagories. These include noise, air pollution, accident involvement and the wider question of load safety, vibration, visual annoyance, traffic congestion and road wear.

The Geddes Committee which reported on the operators' licensing system in 1963 included a short chapter on the environmental impact of lorries and concluded that "lorries often offend the ear and nose and eye too." In far more detail the recently published Foster Committee on licensing accepted that this could be an effective way to protect the environment and made a number of major recommendations to the Government which are now being studied.

These included a requirement that licensing authorities should seek a wider range of environmental views when granting operators' licences, that the Government should undertake further research into methods for measuring smoke and noise, backed by legislation to make prosecution easier, and that the Government should also study the longer-term environmental impact of probable future growth in goods traffic.

The Foster Committee also concluded, despite the views of some groups given in evidence, that if there is to be a limitation on the number of heavy goods vehicles for environmental reasons this should be brought about by raising the level of excise duty rather than by quantitive restrictions. In 1975 about 5,500m ton-miles of freight were carried on the roads. During the past ten years road transport freight has increased by almost 20 per cent and is predicted to rise by about 4 per cent to 1985. While pressure groups such as Transport 2000 and Friends of the Earth have pressed the case on environmental and cost grounds for a substantial freight shift from road to rail, significantly the Noise Advisory Council, in a report published last year on the noise implications of transferring freight from road to rail concluded that "the possibility of large-scale transfer is remote." However, it supported continuing Government pressure, subsidies or changes in prices or regulations to encourage a slow transfer for long-haul transportation. The difficulty in balancing economic advantages against environmental factors is frequently one of measurement since transport planners cannot rely on the mere volume of pressure or protest as a reliable indicator.

The political sensitivity over lorries and the environment is demonstrated by the controversy which has arisen over lorry weights. In August last year Mr. William Rodgers, Transport Secretary, told Parliament that there were no pro-

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The operator and his licence

THE BASIS of the licensing system which allows lorry operators to put their vehicles on the road was fundamentally changed ten years ago. The idea that the size of haulage fleets should be restricted to protect both the established haulier and the railways was abandoned.

So, too, was the distinction which the licensing system maintained between the company that sought to carry someone else's goods—which had to prove need before it could be granted a licence—and the company which used lorries to carry its own goods, which was granted licences virtually on demand.

The present system of operators' licences which was brought in instead placed paramount importance on the interests of the customers of road freight services. Both the commercial haulier and the "own fleet" operator could seek to cater for whatever traffic they thought fit, provided they were able to demonstrate to the satisfaction of the licensing authorities that they could maintain certain standards in operating and maintaining their vehicles.

Instead of controlling the quantum of road freight services (an objective the old licensing system never fully achieved because of the dispensation for "own account" fleets), the emphasis was shifted to controlling the quality of vehicle operation and maintenance. The object was not merely to promote competition. The system was also designed to improve road safety.

The system has remained virtually unchanged ever since. In the 1974 Road Traffic Act, the Government tried to widen the objectives of the licensing system by requiring licensing authorities to consider the environmental aspects of an applicant's operating centre before granting a licence. But this provision was aborted in the following year by a decision of the Transport Tribunal (which hears appeals from the decisions of the licensing authorities).

Directive

A more lasting change came in 1977 when the Government implemented a European Community directive defining in more detail the qualitative standards which operators of haulage vehicles would be required to demonstrate in order to be granted, and retain a licence.

As a result, a distinction was recreated between the vehicle operator who carried other companies' goods and who henceforward needed a standard licence, and those who confined their activities to moving their own goods and who would have to apply for a restricted licence.

Broadly speaking, most of the requirements were similar for both forms of licence. Applicants would have to be of good repute (on which convictions for traffic and other offences would be relevant); they would have to have sufficient financial resources and a suitable operating centre; and they would have to provide satisfactory facilities for maintaining their vehicles, complying with the rules governing drivers' hours and securing that their vehicles were not overloaded.

In addition, hauliers seeking a standard licence would need to show that they were themselves professionally competent or employed one or more transport managers who were of good repute and professionally competent. Existing operators were able to obtain certificates of professional competence as of right under the so-called "grandfather rights" provision. New entrants, on the other hand, would either have to be qualified members of certain professional bodies or they would have to have passed a Royal Society of Arts examination; in both cases the requirements were set higher for new entrants intending to operate international haulage services than for those who intended to provide services within the country.

Enforcement

This system has now been reviewed at length by the Foster committee, which reported towards the end of last year. Although the committee made in all 91 recommendations, they were all concerned with matters of relative detail or questions of enforcement. It saw no grounds for a radical change: the system, it concluded, was founded on the right lines and, on the whole, it had been working well.

It rejected, on the one hand, pressure from established hauliers for the creation of a more rigid distinction between commercial haulage and own-account operation: all the evidence showed that only a minority of company fleets were interested in plying for hire. The committee rejected, on the other hand, pressure for some administrative diversion of road traffic to the railways: even British Rail was no longer asking for that, preferring instead to rely upon competitive marketing.

The most important of the Foster committee's proposals were concerned with the question of enforcement. Here the biggest problem has been the cowboy or illegal operator. The licensing system itself is sound; most vehicle operators aim to keep within both the letter and the spirit of the rules. The trouble is that there is a minority of operators who through negligence or a deliberate flouting of the law bring the whole industry into disrepute.

The Foster committee suggested that the problem should be tackled in three main ways. The first would be by increasing, and redeploying, the manpower resources available for enforcement. There ought to be more roadside and fleet checks, and more of them should be carried out at night and at weekends when many cowboys operated so as to avoid the risk of day-time checks. The committee also thought there should be greater provision for checks on motorways and other purpose-built high-speed roads.

Second, the committee proposed that all operators' licencees' vehicles should carry a visible licence plate. This is not a new idea. It had been proposed by previous committee, in 1932 and 1936 and rejected on the grounds of difficulty of implementation. The committee, however, thought that experience in other countries showed that the problems were not insurmountable. If the licence plate carried a transfer which could be defaced when a prohibition order was issued, it would be easier to spot all forms of illegal operation.

Attack

The third line of attack lay in stiffer penalties. Operators with unsatisfactory vehicle maintenance records should be required to submit their vehicles for testing more frequently than once a year. Licensing authorities should have the discretion to suspend the heavy goods licence of drivers and the licences of transport managers for certain categories of offence. And to hit the cowboy operator where—and when—it hurts most, there should be on-the-spot impounding of the vehicles of persistent offenders. Too often in the past the law has failed to catch up with the itinerant cowboy operator.

These ideas are all commendable, although some of them would not be inexpensive to implement. *More controversial are* the committee's proposals for reviving the 1974 attempt to introduce environmental considerations into the factors governing the grant of operator's licences.

The committee argues, rightly, that the existing system of development planning control cannot deal adequately with local nuisance problems caused by some vehicle-operating centres, particularly in the case of centres which have been in existence over a period of years. It also makes a fair point when it uses the analogy of other licensing systems — for example, those for public houses and betting shops — which are used to control nuisances over and above the planning system.

But one cannot but help wonder whether the committee's recommendations would tilt the balance too far in the other direction. It proposes that applicants for O licences should be required to advertise their application locally; and that licensing authorities should have a duty to take into account the views of local planning and highway authorities and other objectors, including local residents, businessmen, and "any person offended by the activities of vehicles from *that operating centre anywhere* in the country."

Balance

If a licensing authority decided to hold a public inquiry, then it would be up to the authority to decide who should be permitted to give oral evidence—as in local planning inquiries. And if the authority's decision lead to the closure of an existing centre, or made its operation more costly, there would be no compensation.

There can be no doubt that a balance has to be drawn, in transport as in other matters, between the interests of public amenity and public economy. But the balance has to be a fair and generally acceptable one. The trouble with these provisions is that they offer considerable scope to the more militant kind of environmentalist with his own idiosyncratic idea of what constitutes fair play.

Colin Jones

Environment

CONTINUED FROM PREVIOUS PAGE

posals to increase the maximum weight of heavy lorries and promised that he could not agree to any increase until he was "fully satisfied that it would be consistent with safety and environmental considerations."

In January the Government published a report by the Government's Vehicle Standards and Engineering Division on trials with lorries of greater weight than is presently permitted.

The tentative conclusions reached from the small sample trials were that in respect of braking stability, general drive and handling characteristics, noise and smoke pollution and use of energy there was little to choose between the heavier and lighter combinations. However, the heavier vehicles did not have such good braking performance, had less resistance to roll-over and in certain cases there were problems distributing the load. Further studies are to continue.

Safety

In the field of lorry safety new regulations have recently been introduced for measuring lorry loads in order to tighten up the enforcement of laws on overloading.

In addition the first steps towards a comprehensive system of statutory controls for lorries carrying dangerous loads were announced in November. The new regulations require road tankers carrying single or multiple loads of any of 400 common dangerous chemicals to display hazard warning panels with information for emergency services and the public in the case of an accident. They come into force in March. The cornerstone to the present environmental control over heavy lorries is however the Road Traffic Regulation Act 1967 extended by the Vehicles (Controls and Regulations) Act 1973, commonly known as the Dykes Act.

These Acts enable a local authority to make orders on the grounds of amenity and for controlling movement and parking of heavy commercial vehicles (those with an unladen weight of over three tons) on roads in its area.

The Freight Transport Association subsequently produced a report on lorries and traffic management for use by local authorities operating the Act and most recently, in October last year, undertook a survey of the effects of the Act in its first five years of operation.

The latest report concludes that lorry routing is "not the panacea once thought" and that what was possible under the Dykes Act had been largely fulfilled. While lorry management will continue the FTA urged an approach which was "sympathetic to the needs of trade and industry."

The report said that some local authorities had taken up the provisions of the Act to deny access on the grounds of amenity and most had also prepared written proposals as a requirement of the Act for lorry management in their areas before January last year. About 400 local central schemes have been introduced under the Act. However, Mr. John Horam, Parliamentary Under-Secretary of State for Transport, has recently urged local authorities to make more use of their powers under the Dykes Act.

What is still unknown is the full impact of the High Court ruling last December on the "Windsor cordon" in favour of a lorry ban imposed by Berkshire County Council.

The court case was seen as a major test for selective bans on heavy lorries under the Act. The Freight Transport Association and the National Farmers Union, which brought the case, are expected to appeal.

While the wider concept of a national lorry route system appears to have been abandoned, at least for the present by Government, the Dykes Act does provide local councils with a degree of control, should they wish to exercise it over the heavy lorry.

A study completed last year, again by the Transport and Road Research Laboratory, pointed out the importance of careful planning of lorry controls to ensure that the benefits in environmental terms were not outweighed by increased carrying costs or by the costs of implementing restrictions.

Among the report's findings were that "No Entry" controls without the exception for access were usually expensive and ineffective. The report also concluded that long term improvements to design might reduce noise and smoke but little could be done about the visual aspect of lorries. The preferred solution favoured by the Laboratory was long-term planning including parking, transport cafes, overnight accommodation and other facilities for drivers. Significantly the report also stated that the long-term aim of a network of high quality lorry routes connecting areas of industrial and commercial activity dropped for the time being by the Government "would have economic benefits in reducing transport costs as well as environmental disturbance."

The Lorries and the Environment Committee, set up in 1974 with the aid of a Government grant and chaired by Sir Daniel Pettit, retired chairman and chief executive of the National Freight Corporation, has completed a series of major studies into the relationship between the lorry and the environment. These include reports on direct distribution, freight complexes and transhipment.

Distribution

The Committee, composed of senior representatives from local authorities, industry and freight transport, has concluded that both freight complexes and direct distribution could provide solutions in the longer term to the environmental problems caused by lorries in urban areas. The major problem remains the investment required for such structural changes. Two new reports, one on goods reception facilities, are due out at the end of March.

Sir Daniel believes that the time is ripe for expanding the membership of the Committee, particularly to include the trade unions, and turning it into a transport advisory body — a transport little Neddy. This he thinks would enable the Committee to move forward and face the challenge that he believes new technology will bring to the industry.

The micro-electronics revolution, he believes, will bring major changes in patterns of shopping, distribution and infrastructure leading inevitably to structural changes in the road freight industry itself. These changes, he suggests, may well themselves reduce the friction between the lorry and the environment.

Paul Taylor

Drivers' dispute brings changes

THE PRIVATE HIRE and reward sector of the road haulage industry has just emerged from what is almost certainly the bloodiest-ever fight with its drivers.

A strike over pay and conditions which began in some areas of the country on January 3 finally ended earlier this month after five weeks of bitterness and stubborn resistance from both employers and unions.

The dispute, which involved up to 50,000 drivers and most of the medium and large member companies of the Road Haulage Association had major repercussions on both the Association and the Transport and General Workers Union.

The union was victorious. The employers' association was brought into the national spotlight for the first time and was shown not to be quite the paper tiger the unions had claimed it was. This, however, was masked by the defeat the Association suffered in the eventual settlements.

Rumours

Beyond that, there were persistent rumours that local regional officials of the Association had in some cases settled privately with the drivers of their own companies while still pursuing the firm line against conceding the unions' pay demands on a regional basis. This may have upset hauliers in some regions and there were criticisms in any case about the way pay negotiations were handled by the Association as a whole.

To be fair, however, the Association's regional negotiating chairman stood out against improving the 15 per cent offer for a number of weeks, a point which took the unions by surprise.

The dispute, however, also highlighted the unsatisfactory nature of much of the industry's bargaining machinery. For the private hire and reward sector, a wages council used to set minimum rates. A report by the Advisory, Conciliation and Arbitration recommended in 1976 that the wages council should be abolished as no longer relevant for maintaining acceptable pay standards among drivers. It also suggested that the council should not be replaced by a statutory joint industrial council, largely because of the growth of local agreements.

It did suggest a national forum to discuss general matters and that this could form the basis for a new negotiating structure if that was thought necessary. The findings were in favour of the unions' arguments and opposed to the views of the Association. The wages council was duly abolished and negotiations are technically held on regional negotiating committees.

Pay within the 15,500 member companies of the Association is fixed within the association's 14 regions. These pay and conditions levels are then generally applied to the other 30,000 private hire and reward companies who are not members of the Association.

Although the Association has 14 regions, it has 18 negotiating chairmen. The other 4 chairmen represent such groups as the National Freight Corporation, the Express Carriers Group and holding companies with their own hire-out haulage fleets.

These groups have their own bargaining machinery but nevertheless participate in national discussions on pay within the Association. The system of regional negotiations, however, is to a considerable extent a myth. Although union officials in different regions have negotiated slightly different pay and conditions deals from one another the Transport Workers pay claim for hire and reward drivers is set nationally by delegates conference.

The employers too while acknowledging the existence of the regional structure and accepting that the Association's head office has no power to dictate what terms should be agreed in the regions nevertheless followed the path laid down by the national meetings of regional negotiating chairmen. It was always hoped by the Association that no region would break ranks from decisions made by those meetings.

Inevitably the recent dispute ended messily. Many companies individually settled with their drivers. One region then broke ranks and opted for arbitration. The Association, seeing a way out of the dispute applied the arbitration decision as a national offer. Each region gradually settled with the drivers at varying pay levels around the arbitration decision. Official disputes ended on different days.

During the dispute Mr. Alex Kitson, the Transport Workers executive officer, brought up with Government ministers the possibility of some form of inquiry into the industry. It is very difficult to see, however, what new path road haulage's bargaining machinery could or should follow. The Association wants national pay negotiations saying such a system is tidier and simpler and would bring more uniformity to the pay structure.

The Association is also concerned that a regional system gives the Transport Workers additional bargaining strength—allowing the union to pick off areas in a series of leapfrogging claims and creating the possibility that individual regions will break under industrial action.

The willingness of the Association to participate in central discussions under the umbrella of the Advisory, Conciliation and Arbitration Service during the last dispute, and turn a local arbitration award into a national offer could be seen as an attempt by the Association to revert to central pay fixing. The Transport Workers, however, say that regional negotiations are necessary to meet special local difficulties and that it is the only way to ensure that agreements are fully adhered to by the drivers.

Some Government officials have expressed the view privately that national wage fixing is the only answer to the industry's bargaining problems. Many observers believe, and some union officials have warned that what might happen, is that pay agreements could eventually be left in the hands of individual hauliers and their drivers. In this case, the union would fall back on picking off individual companies to set the going rate for pay and conditions deals nationally.

The industry almost certainly faces tough pay bargaining over the next few wage rounds and large pay settlements seem inevitable. Over the past two years, hire and reward drivers have secured deals of 15 and 22 per cent, some of the highest during these pay rounds. They will be looking for a large deal at the end of this year.

Mr. Kitson has already warned that hauliers escaped on conceding any of the union's demands on shorter hours but that they must now expect a fight on this. The Transport Workers is concerned about the effect of new EEC driving hours legislation on earnings. The previous claim for a 35 hour week was a test run for similar drivers' claims over the next two years.

It now looks certain that the tachograph, over which the unions have been fighting a stubborn battle, will be introduced. Hauliers will be expected to pay out considerable productivity payments in that event.

Apart from that, the nature of settlements struck this year is certain to cause a considerable amount of trouble for the next wage round. Although all regions settled on a top minimum rate of £64 or £65, there were considerable differences in fringe benefits and some hauliers expect this to form the basis of "parity" claims.

Apart from pay and conditions, driving hours and the use of the tachograph, a main point of contact between employers and the unions is the issue of training. Some of the big haulage companies have in-house training schemes but in general industry-wide training has been low key, some might say poor.

This was recognised by the Government which assisted in the formation of the Road Transport Industry Training Board, which is financed by the industry in the form of a levy on hauliers. This incorporates teaching in a wide range of areas from truck and fork lift driving, to warehouse management and the control of freight movements. There are a handful of residential training centres.

There has also been a proliferation of group training associations, usually run by small groups of hauliers. Not unnaturally, there has been some resistance to organised training schemes and the training board levy.

Poaching of drivers is still a major concern. A company trains a driver from HGV 3 standard to the top HGV 1 weight only to find that he leaves for another company. In an industry where the average haulier only employs five or six drivers, that can be a severe loss.

Nick Garnett

Buses: trying to stop the rot

IN A recent review of research needs in the bus industry, the Department of Transport focused on what it describes as one of the most serious transport questions facing the Government: is the continuing decline in the use of buses in the UK—a trend not found in many other European countries—inevitable and if not, what can or should be done about it? How is the diminishing band of people without cars to cope in the future?

That rate of decline has averaged 4 per cent a year in the last decade and there was a 3.7 per cent fall in the first nine months of 1978—the latest period for which figures are available—compared with the same months of 1977. The industry last year cost central and local Government £226m in subsidies and capital grants. A decade ago, grants were almost non-existent.

In 1978 the Government's response to this state of affairs was a Transport Act, which contains two major provisions relating to buses:

- the requirement for county councils to publish annually, in consultation with operators and consumers, a rolling five-year public transport plan
- some measures to encourage "unconventional" forms of transport, by legalising car-sharing, relaxing the driving qualifications for volunteer-driven community buses and simplifying licensing procedures in areas where no services exist.

In addition, the Government has switched its spending plans to syphon £15m of cash from urban bus support to rural bus services in the so-called "shire counties."

Government has also asked local authorities not already doing so to give old people half-fare concessions and is seriously examining the possibility of a uniform national travel concession scheme, which the 1977 Transport White Paper said would cost another £80m a year.

There is a strong feeling in some quarters in the bus industry, however, that these measures are cosmetic and certainly financially negative given the likely impact of the shorter EEC driving day now being phased in.

The Confederation of British Road Passenger Transport put the cost of EEC hours changes at £140m some time ago and Mr. Denis Quin, the Association's director general, believes that estimate will turn out to be too low. The industry is now involved in monitoring the impact in a joint study with the Department of Transport and the results could eventually form the basis of a compensation claim which the association has warned of frequently in the past.

Particularly serious for bus and coach operators is the fact that no progress has been made on securing exemption for bus operators from the change from a fixed Saturday-Saturday to a rolling "any period of seven consecutive days" definition of the week. This is due to be implemented in October and will, if observed, create great difficulties especially for coaching tour operators accustomed to the freedom of working 10-day schedules and taking "long weekend" breaks.

Viewpoint

The other aspect of the Government's spending plans for buses of concern to the industry is the commitment to withdraw in stages between 1980 and 1985 the 50 per cent grant paid towards the cost of new buses.

From the industry's viewpoint, this is a clean-cut subsidy which gets directly to the operator without the bargaining or in some cases "laundering" (in the words of the National Bus Company chief executive) of funds passed via the county councils in the annual Transport Supplementary Grant payments.

The problems of the TSG system have been adequately displayed in the last two years as the Government has attempted to implement the £15m switch of resources to rural buses within three years, "by the end of the decade." In the first year, 1978-79, no progress was made, but in the latest settlements £8m was pumped through and those counties refusing to co-operate saw their funds for other transport projects reduced as a consequence.

Although these financial questions are at the centre of the Government's concern, efforts to stimulate community buses and other fringe public transport services have also consumed a good deal of energy.

It is too early to judge their success and even the programme of rural transport experiments set up in 1977 has yet to be evaluated. At present, there are ten community bus services in Britain but none has yet made use of the new licensing arrangements. There is not much doubt, however, about the scale of the problem. The Association of District Councils recently reported that only 35 out of 108 parishes in central Norfolk have a bus service useable for journeys to work. A glossy self-help manual has been produced by the Department to help would-be founders of new services.

There is, however, a large and important sector of the bus industry hardly touched by the Government's programme: the coach tour, contract hire and express services which are dominated by the private sector of the industry.

These services, much to the chagrin of their operators, do not even receive fuel tax concessions, but they have been much the most stable sector of the industry in recent years. Between 1976 and 1977, tours and excursions increased by 4 per cent to 877m vehicle kilometres and receipts by 11 per cent to £27.6m. Receipts in contract and private hire (predominantly schools) were up 15 per cent. These rather crude figures tend to confirm, however, as various company comparisons have done for earlier years, that competition is keen, keeping rates and profits in the industry low.

The private sector, as in road haulage, is dominated by small family firms—a fact which is also causing some tension over wage bargaining systems. A report on the coaching industry from the Advisory Conciliation and Arbitration Service at the end of last year, argued that more progress could be made in developing collective bargaining systems, but was not particularly optimistic about the industry's ability to set up a central pay bargaining structure.

National Travel, the National Bus Company's coaching arm, continued to lose market share last year, although the overall financial position of the company strengthened. This financial strength will almost certainly result in the Government's turning down a recommendation from a Commons Select Committee that National Bus's commencing capital debt be written off.

One change which is likely to materialise for the industry this year concerns consumer representation, with the Government plan for a single national transport consumer council to replace the rail-oriented Central Transport Consulative Committee. This body, which is also to be given power to vet rail fare increases, would be the first to have such national powers in bus matters and, not surprisingly, the National Bus Company is not particularly keen on the development.

Another cause the industry would like to see progress on is its attempts to get legislation to permit operators to charge heavy excess fares to passengers found riding beyond the destination to which they have paid. A clause inserted in the Transport Bill last year was lost following accusations about "instant fines," but a private Bill is now in progress to introduce a modified excess fares system in Greater Manchester. This would give anyone accused of over-riding 21 days in which to pay, have the matter taken to court or put his case to the bus company. It is estimated that over-riding costs the bus industry between £10m and £15m a year.

I.H.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Venture management: 3M and Exxon show the way

BY CHRISTOPHER LORENZ

SMALL COMPANIES are better than large ones at creating and expanding new products, and generating wealth and jobs. Academics have been aware of this for decades, and a growing number of businessmen and politicians is now coming to recognise the fact — which is why there is now so much pressure, on both sides of the Atlantic, for governments to ease the lot of the entrepreneur.

This is all well and good, but it does not detract from the crying urgency for more innovation by large companies.

Whatever its undoubted virtues, small business alone cannot resolve the *problems of* decaying industries and rising unemployment. This is not only because of the magnitude of the problem in most industrial countries, but also because of the sheer impossibility of transferring sufficient surplus labour (and possibly capital) from large firms to smaller enterprises — which may be far away and may require entirely different skills.

The obvious answer, for governments as well as individual companies, is to stimulate entrepreneurship within large organisations, and to encourage what has generally become known as "venture management."

There have been several well-publicised examples of this in Europe over the last few years, notably BOC in Britain. But, as one might suspect, the U.S. is way ahead of any European country, both in the variations which have been tried, and in their achievements.

The contrasting experiences of several venture-minded multinationals, including Exxon (Esso), Dow Chemical, and the doyen of them all, 3M (Minnesota Mining and Manufacturing), have been compared by one of the leading U.S. academics in the innovation field, Dr. Edward B. Roberts, of the Massachusetts Institute of Technology.

At a seminar organised by McKinsey and Company, Dr. Roberts drew the following general conclusions:

● Long-term persistence is a pre-requisite for success. A corporation must be willing to commit itself to a minimum period of five to seven years for just beginning to "grow a new business," he said. This is one of the secrets of 3M's phenomenal record of success over the last 30 years. Except in the case of joint ventures with smaller firms, the large company may have to wait for over 10 years before it gets any significant income—which requires thinking, perhaps even planning, well over a decade ahead, an unpopular activity in the unpredictable world of the late 1970s.

● To be successful, a venture management strategy must emulate the entrepreneurship found in small companies, or actually link up with it.

● Finally, no single strategy is suitable for all corporations, and it is extraordinarily difficult to *emulate another's success*.

The most popular form of U.S. venture management in the 1960s was what Dr. Roberts calls "venture capital," large companies providing finance for bright new firms and taking stakes in them. But he claims that, except for Dow and possibly Exxon, this approach has not been very successful.

At *one time*, he says, Dow successfully invested in large numbers of high-technology companies. But he considers that their achievements have fallen off in recent years.

Spawning

3M, by contrast, has achieved its success by spawning internal ventures. Here again, very few companies have copied its approach with much effect.

Exxon, Dr. Roberts considers, looks as if it is succeeding with the composite approach adopted by its subsidiary, Exxon Enterprises Inc. Since the late 1960s it has become increasingly involved in both venture capital and internal ventures, as well as what he calls "new-style joint ventures," in order to construct a "critical mass" of new ventures from which it can move in even newer directions.

Four of these contrasting approaches are represented in the diagram.

Dr. Roberts emphasises that the degrees of corporate involvement required by big companies for successful venture management increases across the spectrum shown in the diagram, from left to right. This applies to both financial and managerial participation.

Starting on the left, with "venture capital," Dr. Roberts draws some salutary lessons from the experience of "Company X" (the reasons for anonymity will be obvious).

A multi-billion dollar group, it was one of the first companies to decide to "go venturing." It qickly made about a dozen venture capital investments, but after only a few years it decided they were not having a sufficient impact on the corporation's overall profitability. So it sold them off and altered course towards a form of internal venture.

For the next five years or so it ploughed large sums into research and development, trying to integrate its basic business forward into complete "systems." It developed a handful of new products through this expensive, technology-driven process, although Dr. Roberts considers that all were commercial failures.

Then it tried another tack, recruiting a team of consultants to look first at the needs of the market, and to generate proposals for new internal ventures. Over half a dozen such proposals were made in the early 1970s, but all were rejected by top management.

The final stage, which lasted several years, was to capitalise better on existing internal ideas which could be taken more or less "off-the-shelf." Several had reached the pilot stage by the time the corporation's chief executive decided it was time to re-direct his management's attention to its basic business.

This case throws up a multitude of lessons and questions. In particular, Dr. Roberts stresses that the corporation was debt-free for most of the period (nearly 20 years) during which these experiments were tried, so that there were—in theory—relatively few financial constraints upon it.

Some of the projects were in the process of succeeding, and were clearly justifiable in terms of return on capital, he claims, but were just not large enough for a size-minded multinational. Perhaps most important of all, he argues that the company should have persisted longer with one particular approach to venture management, instead of impatiently shifting from one to another.

The most persistent venturer of all is 3M. The many keynotes of its long success story can be whittled down as follows: it continually stresses its commitment, from top to bottom, to entrepreneurship and innovation; it dencentralises development, marketing and financing to an unusual degree; it encourages internal competition between divisions; it does not impose a "minimum size" constraint on new ventures, unlike most large corporations; and it ties executives' incentive systems to what it calls "building new businesses."

Another of its secrets appears to be that it gives potential entrepreneurs within its ranks alternative sources of finance and managerial back-up: if they fail to convince their own product division that their idea is worth backing, they can offer it to the New Business Ventures Division, where—if accepted—it stands a good chance of being nurtured into a strong, self-supporting business. Most important, the entrepreneur can move with his idea, while being guaranteed job security in his original division.

Despite the proven success of 3M's approach, few companies have tried to copy it, and even fewer have succeeded in doing so. The most popular form of venture management in the U.S. at present, says Dr. Roberts, is "new-style joint ventures" between large and small companies, where "small firms provide the vigour, and usually the technology, and the large companies offer access to capital and extensive channels of sales, distribution and service." It is the lack of extensive distribution networks which cramps the growth of most small companies, and sometimes breaks them.

The table lists just a few of the joint ventures of this type which have been established recently in the U.S.

But the popularity of this approach may be misleading, since these partnerships are far from easy to carry through. One of the most common problems, according to Dr. Roberts, is that small and large companies behave in completely different ways and therefore cannot work effectively with each other.

In one particular partnership —not cited on the list—the small company was prepared to make instant decisions at joint meetings, says Dr. Roberts, whereas its larger partner was used to taking "months, if not years" to resolve its collective mind.

Other key differences in management style identified by Dr. Roberts are that small companies do relatively little market research, and "small companies shake hands on a deal, large ones employ lawyers."

This is only one set of reasons why joint venturing is difficult to construct and carry through successfully. Of all the others, the most common appears to be the misunderstanding and misapplication of sales and distribution channels.

"It's easy for a large company to think it can sell almost anything," warns Dr. Roberts, citing a partnership which broke down for just this reason.

The large company had been selected because it already sold to the market at which the small firm wanted to direct its high-technology, electronic system. But the Goliath of the alliance sold low-price, low-technology products which needed little service backup. Its contact with the customer was at a relatively junior level.

Field service

But the small company's product was relatively expensive and complex, so that the point of customer contact had to be at a high level, and extensive field service was needed. The relationship did not last long.

Joint ventures form just one part of Exxon's extraordinary strategy; so do the other two types in the diagram, plus the acquisition of technology and several other variations.

The need for such a composite approach, to which very substantial resources have been committed, arose from the fact that Exxon had a narrow product base. This made it impossible to follow the 3M approach of concentrating mainly on internal ventures, which requires the company to have a broad base of products and markets from which to draw new ideas and expertise.

There are many other corporations in Exxon's position, but this does not mean its catholic approach, and unusually long-scale commitment, are suitable for them all. For one thing, it can be extremely costly.

In contrast with Exxon, Dr. Roberts argues that a company like U.S. General Electric, with a broad spread of existing product lines, could justifiably adopt the 3M line—if only it were more ready to define more flexibly its famed "strategic business units."

As an example, Dr. Roberts criticises the way that—admittedly back in the Fifties—GE assigned commercialisation of the transistor to its vacuum tube division, "where it was fought over for years," so that it failed to gain the market (and profit) dominance in transistors which it had previously achieved in vacuum tubes. At 3M, Dr. Roberts maintains, an entirely separate team would have been set up to exploit the transistor, even though it challenged one of the company's basic products.

Reiterating his overriding theme, that persistence is crucial to the success of venture management, Dr. Roberts claims that Exxon has completely re-thought many of its traditional management policies in the interests of continuity.

Not only has it invented an independent stock option system for Exxon Enterprises — the first time, he says, that an Exxon manager has been able to subscribe to anything but the parent company's shares — but it has broken its tradition of job rotation approximately every five years by preserving the top management of Exxon Enterprises for more than a decade.

This rams home the lesson that, to achieve their object, large companies' new ventures should be in new uganisational forms, as well as in new business areas.

SOME LARGE-SMALL U.S. JOINT VENTURES

Large Company	Small Company	Area of Joint Venture
American Broadcasting Company	Technical Operations, Inc.	Black & white film transmitted to colour viewing over TV
American District Telegraph	Solid State Technology	Industrial security systems
Bell & Howell	Microx	Microfilm reader
Bravo Corporation	Anti-Pollution Systems, Inc.	Molten salt pollution control systems
Elliot Machine Div. of Carrier Corporation	Mechanical Technology, Inc.	High-speed centrifugal compressors
Exxon Nuclear Corp.	Avco-Everett Research Laboratory	High-energy laser uranium isotope separation & enrichment
Ford Motor Company	Thermoelectron Corp.	Steam engines for automobiles
General Electric Company	*Bolt Beranek & Newman, Inc.*	*Hospital computer system*
Johnson & Johnson Company	Damon Corporation	Automated clinical laboratory system
Mobil Corporation	Tyco Laboratories, Inc.	Long-crystal silicon solar conversion technology
Pitney-Bowes Co.	Alpex Computer Corp.	Electronic "point of sale" check-out systems
Roche Electronics Division of Hoffman-La Roche	Avco-Everett Research Laboratory	Inflatable balloon heart assist system
Wyeth Laboratories, Division of American Home Products	Survival Technology, Inc.	Self-administered heart attack drug and injection system

Source: Dr. Edward B. Roberts, David Sarnoff professor of Management of Technology in MIT's Sloan School of Management

Constraints on Soviet industry reform

BY DR. TIM DUNMORE

FOR decades Soviet prestige was closely linked to the awesome image of a country raising itself up by its bootstraps through a planned economy which marshalled resources into a rapid economic growth machine.

Never mind the quality, it was the rapidly increasing quantity which would allow the Soviet Union to overtake the capitalist states and demonstrate the superiority of the Soviet system.

For nearly two decades however, economic growth rates have been declining steadily and last year industrial production rose a modest 4.8 per cent—high by UK standards, but well below the 10 per cent growth of the early 1960s and 6 to 8 per cent in the early years of the current decade.

Much of the blame for hoarding labour, reluctance to innovate and general conservatism has been laid on the shoulders of Soviet managers. But they operate within the overall constraints of a planning and organisational structure which has so far stubbornly resisted all attempts at reform.

The Soviet leadership, under President Brezhnev and Prime Minister Kosygin, has made several attempts to reform the state bureaucracy which controls Soviet industry. In 1965 Mr. Kosygin tried to break the stranglehold that the government ministries in Moscow held over the managers of factories all over the Soviet Union. The immediate result was a noticeable but only temporary revival in the growth rate. Its continued decline since 1967 led to further attempts at reform in 1973.

Yet these reforms of 1973 have as yet shown no sign of reversing the depressing trend in Soviet growth rates. Like their precursors of 1965 they are falling foul of a governmental bureaucracy that is either unwilling or unable to alter its attitudes and work habits.

The 1965 reform restricted the central ministries to fixing only general guidelines for the work of each factory rather than a mass of detailed directives. The aim was to free the factory from high-level interference from the ministry and at the same time to reward initiative and enterprise by factory officials. The same philosophy can be seen at work in the 1973 reforms. These called for the amalgamation of groups of four or five factories in similar or complementary branches of industry into so-called "production associations" which were to take over most of the functions of the former factory managements and some of those of the ministries. In addition, in some sectors of industry "industrial associations" were to be established at a level between production associations and ministries.

The latter were to concentrate their energies on long term planning and development functions and were told not to interfere in the day-to-day management of factories and associations. The aim of these structural changes was not only to decentralise control over Soviet industry but also to reap the benefits of larger scale production within associations. Special emphasis was laid on the need to incorporate research and development institutions in production associations. The Soviet leadership is acutely aware of the need to speed up the introduction of new technology to production lines. In this respect, as in so many others, the central ministries had acted as a bureaucratic brake on enterprising managers of factories and associations.

That neither the 1965 nor the 1973 reforms have had the desired impact on growth rates is easily explained. They have not been fully carried out.

In a nutshell the industrial ministries in Moscow continue to interfere in the day-to-day running of factories and associations and continue to dampen enterprise by their managers.

How is it, though, that mere bureaucrats can ignore the orders of one of the most powerful governments in the world? Certainly not by openly refusing to obey their superiors. Soviet officials, like civil servants in all countries, have long used delay, deceit and "reinterpretation" of orders in dealing with their supposed superiors.

In the case of the association reform of 1973 many ministries have dragged their feet in its execution. The new structure was supposed to be largely operative by the end of 1975. Three years after that date more than half the Soviet industry is still run on the old factory administration system.

More significant in the long term is that many of the 4,000 or so production and industrial associations that have been set up comply with the letter rather than the spirit of the reforms. Soviet experts have often condemned the practice of "paper" mergers of factories; four or five of them are formally united in a production association but in practice they continue to operate independently of the association and under close ministerial scrutiny. Roughly half of the factories in production associations retain their legal autonomy; yet a leading official of the state planning agency 'Gosplan' has firmly stated that this can be justified in the case of only one fifth of such factories.

The directors of the old factories are often unwilling to relinquish their authority to the new associations. Such opposition has been overcome in some cases by high level intervention; for example opposition to the establishment of the Leningrad Optical-Mechanical Association (LOMO) was overcome by the Leningrad party leaders' direct intervention and the transfer of several directors to "other work."

At a higher level many of the industrial associations that have been set up amount to little more than renamed departments of ministries operating substantially as before. Ministerial officials are no more willing than factory managers to give up their major functions to a new body and so lose their direct control over industrial production.

If the Soviet economy is to be revived the centralised system of management built up by Stalin in the 1930s must be dismantled. The experience of Khrushchev as well as Brezhnev and Kosygin shows that a large proportion of management officials will not participate in their own destruction. Even in a dictatorial system like the Soviet one, leaders cannot rule without the consent of those who have to carry out their orders. That consent can be coerced or induced.

The present Soviet leadership has rejected the former alternative; it is very reluctant to dismiss or transfer leading officials. Bureaucratic consent to economic reform can only be induced by material incentives and/or retraining on a scale that the Soviet Government does not dare contemplate. Even that would only yield results over a longer time period than would be acceptable. The prospects for a successful restructuring of the Soviet economy to revive a slackening growth rate are not rosy.

Dr. Tim Dunmore is a lecturer in Soviet affairs at Keele University.

LOMBARD

Why not merge coal with gas?

BY DAVID FISHLOCK

THE BRITISH Gas Corporation is believed to be heading for a profit of some £300m on last year's trading. The National Coal Board is reported to be having trouble in breaking even: and this despite substantial government subsidies to loss-making areas of coalmining and financial inducements to *customers to burn extra coal.* The price of industrial coal is to rise by another 9 per cent next week and may have to go up again this year, the NCB warns.

Gas sales were up 6 per cent last year, but coal output dropped by 2.5m tonnes, and is expected to fall by a further 2m tonnes this year. As Professor Ian Fells, president of the newly-named Institute of Energy, was pointing out recently to an audience which included the NCB's chairman, it is cheaper to carry coal all the way from Australia to his home town of Newcastle than to mine it in Britain today. And nothing the coal industry's £500m a year investment programme can do is likely to change this much in the 1980s.

Palliative

The NCB has put forward five possible ways out of its present troubles. None seems to be radical enough to offer more than a palliative at the best. Could the solution to the coal industry's chronic problems be to merge it with the gas industry?

Gas, it is true, has long since abandoned coal as a raw material. The "gasworks" with its flames and sulphurous emissions disappeared finally from the British Gas system in 1977. But "high-speed" North Sea gas is a popular fuel, for its convenience no less than its low price. The Department of Energy's policymakers believe that, as North Sea gas supplies dwindle, gas customers will want to see pressures in the £1.6bn national gas grid maintained with substitute natural gas (SNG) manufactured from coal.

The gas industry is already investing in the new technology of coal-to-gas conversion at its Westfield Development Centre in Scotland. This work was once funded substantially from overseas contracts. But it is showing such promise that British Gas has recently agreed to underwrite all of its operat*ing costs of some £3m a year.* The Department of Energy is viewing with favour its proposal for a demonstration of a reactor called the "composite slagging gasifier" capable of gasifying run-of-mine *coal, right down to* the dust. Meanwhile, the NCB is rekindling an earlier interest in underground gasification of its coal.

Looking to the more immediate future, for two decades or more *the coal industry has* seen its way forward—to the end of the century at least—to lie in electronically controlled systems that burrow their way through the coal-seam under the supervision of miners. The gas industry in the last decade has also begun to take increasing interest in subterranean robots, to assure itself of the integrity of its high-pressure pipelines. As matters stand today, the gas industry's "intelligent pig" is a good deal smarter than Minos, the NCB's electronic mine operating system.

The Government has to decide this spring whether to renew the appointment of Sir Derek Ezra, chairman of the NCB since 1971, who is 60 this year. An idea which has the *support of some ministers* is that this "experiment in social engineering" should have at its helm a trade union leader. The cynic, of course, might be tempted to ask which union leader can offer convincing evidence from his own union *activities of having the mana*gerial or financial acumen to justify giving him an industry with an income of nearly £3bn to run.

The taxpayer

Whitehall's enthusiasm *for* "big is better" has somewhat diminished lately, and a merger of gas (100,000 employees) and coal (260,000) would create an organisation with about 360,000 employees—at least initially. But Mr. Anthony Wedgwood Benn, Secretary for Energy, *is* himself an avowed enthusiast for closer collaboration between the state-owned energy industries.

Customers for coal—and they include every customer of the electricity supply industry in Britain — might welcome a management for the coal industry which is willing to fight as hard as the gas industry is doing to *avoid* raising its prices. And the taxpayer will surely be glad to see the end of a way of *thinking inculcated in coal* miners which simply argues: "the government must pay up."

The perennial problem of how to reach an audience

FILM AND VIDEO

BY JOHN CHITTOCK

A PERENNIAL problem for the sponsor of films and other audio-visual media is reaching the audience. Although networks of 16mm film projectors exist in the UK, U.S. and most other Western countries (35mm dominates in the USSR) getting the audience to actually come and see the films has never been easy.

For this reason, schools and the educational circuit tradi*tionally have been the prime* market. They have the equipment for screenings, the time, and the motivation—provided the sponsored films have a genuinely acceptable educational content (even to the extent of being carefully structured as a complement to the curriculum).

The other traditional outlets in the so-called non-theatrical market have been film societies, clubs, women's institutes and the like. In the UK, for example, there are about 700 film societies (over half the number of public cinemas); and in the U.S. campus film societies have become an important outlet even for the commercial feature film distributors. The commercially run sponsored film libraries have also shown considerable ingenuity in running special schemes and services aimed at reaching housewife groups, expatriates overseas and even professional audiences—thus Guild Sound and Vision has a package in the UK which offers any housewife group a total evening's programme complete with projector and operator; and Architectural Newsreel has a similar scheme for reaching audiences in the building and *architectural sector.*

A trail-blazer in innovations such as these, operating in a big and receptive marketplace, has always been the U.S. 16mm library, Modern Talking Picture Service. The latest idea from Modern, started early this year and involves the distribution of sponsored films by satellite.

Modern has bought five hours per day on RCA's American Satellite 1 to beam suitable sponsored films to cable television stations across the U.S. Since American television is interlaced with a vast network of small cable TV stations—forever hungry for good material, especially if it is free—local television represents a valuable opportunity for sponsors to reach consumer audiences without paying for TV time. The problem hitherto has been getting the films or videotapes to the many hundreds of cable TV stations throughout the U.S. —an impossibly expensive task in typing up copies of 16 mm prints or videocassettes, quite apart from postage and despatch costs.

The daily satellite transmissions now mean that cable TV stations across the U.S. can take their pick from the free offerings—either plugging them straight into their own live network or videotaping them for later use. The sponsors pay Modern for including their films in the service, and already at least one British sponsor has signed up as a contributor.

Modern Talking Picture Service is the U.S. member of an international club of non-theatrical distribution companies known as Inforfilm. With only one member company per country, Inforfilm has 23 members throughout the world; contact one, and a sponsor has a convenient way in to all of the others too.

It has to be admitted that gimmickry has a part to play in gathering audiences for sponsored films. The UK library run by Viscom has in the past successfully run big evening shows in provincial towns where raffle prizes associated with the sponsors of the films were an added attraction. The latest gimmick, although one is reluc*tant to label it as such, is stereo*scopic or 3D films.

Cygnet Guild Communications, a UK company and one of the largest producers of sponsored films in the world, has just announced a stereoscopic service together with a new company formed for the project—Stereo Image Technique. The technology used is not new—left and right eye images filmed by two synchronised cameras and viewed through Polaroid spectacles. What is new is that the system is claimed to be the first professional one employing 16mm instead of 35mm cameras, and it has refinements such as distortion-free close-up shooting (previously difficult in stereo) and a relatively simpler method of projection using two synchronised *Elf machines.*

Obviously, 3D sponsored films will be an attraction to audiences, just as they were when the commercial cinema first introduced them as a challenge to television. In this case, the novelty may not wear off quite so quickly because for certain purposes—especially training—the provision of a 3D picture is more than a gimmick; it yields an extra dimension of visual information in educational situations. Already three *sponsored films are now* in production using the system, and at exhibitions—where special viewing auditoria can be provided—I predict it will be a big crowd puller. Examples I have seen are excellent.

A new and potentially very big outlet for sponsored films is the People's Republic of China, now showing interest in Western industrial films. A Chinese delegation visiting London is this week attending some special screenings of British industrial films arranged by the British Industrial and Scientific Film Association. A specific request for industrial and educational films for China has been also made by a Hong Kong firm—the International Trade and Technology Research *Association.*

Getting 16mm films distributed is increasingly less difficult. The specialist libraries are the best starting point for advice and help—although generally they provide a better deal than one I learnt of two weeks ago from a large U.S. oil company. It has entrusted its films for years to a small library which charges a flat annual fee per print held on the shelves—regardless of whether loans of the print are *despatched or not such* a system puts no pressure on the library to actively seek audiences for the client—and it is better always to opt for the more normal method of a fixed fee for each booking of a print the library receives and handles.

The moral of this story is that the means of audio-visual communication are now available, but the user must still summon great skill, experience and busines judgment in getting the messages through effectively and at a price which justifies the exercise.

Hikari has outstanding chance

RACING

BY DOMINIC WIGAN

LABROKES have clipped Hikari's Daily Express Triumph Hurdle odds by two points to 7-1 but that will not surprise those who set store by race times.

As Richard Baerlein said in Sunday's Observer: "The Schweppes is invariably run at a true, fast pace and generally ten seconds faster than the novice hurdles on the same day. So the fact that Hikari in his first race over hurdles can beat the Schweppes time by one second must give him an outstanding chance in the Daily Express Triumph Hurdle."

There are strong grounds for thinking that Hikari is the best of the home-trained team of four-year-olds yet to race over hurdles, but the colt's handler, Derek Kent, said that he will be disappointed if another Huntingdon inmate, Jolly Green Giant, is not making his presence felt shortly.

This somewhat moody sprinter on the flat has been going well in recent schooling with Hikari and could be a reformed character. Jolly Green Giant will be in action at the earliest opportunity.

Still on the subject of the Daily Express race, I shall be interested to see how Salutiferous fares should racing be given the go-ahead for Windsor tomorrow.

The Newmarket colt, an eight-lengths conqueror of Derring Gift in his only previous race under National Hunt rules, has continued to please his trainer, Michael Stoute, who has taken the opportunity of schooling him with Gavin Pritchard-Gordon's string.

As expected, there is no racing today with Sedgefield and Towcester falling to the weather. However, there must be a fair chance now that tomorrow's Windsor card will see a resumption. The course was virtually free of snow last night, after a steady thaw, and the local weather forecast points to only a mild overnight frost.

Cancer hospital row looms

A POLITICAL row is looming over an "arbitrary and appalling" decision to close, without notice or consultation, what is regarded as one of London's finest small hospitals for advanced old-age cancer patients.

Dr. Gerard Vaughan, an Opposition health spokesman, is to raise with Mr. David Ennals, Social Services Secretary, the announcement by the North West Thames Area Health Authority to shut the 28-bed St. Columba's Hospital, Hampstead.

He claimed the reason was that North West Thames had overspent.

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 am Open University (Ultra high frequency only). 9.10 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 2.00 You and Me. 3.14 For Schools, Colleges. 3.25 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Star Turn. 5.05 John Craven's Newsround. 5.10 Grange Hill. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Osmonds (London and South-East only).
7.20 Blake's Seven.
8.10 Dallas.
9.00 News.
9.25 Island of the Dodo: Mauritius ten years after independence.
10.15 Tonight.
11.05 On the Rocks.
11.30 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 6.50-7.20 International Indoor Hockey. 10.15 Tuesday Night. 11.25 On the Rocks. 11.50 News and Weather for Scotland.

Wales—10.05-10.25 am and 2.32-2.37 pm I Ysgolion. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol y Cwm. 7.40-8.10 A Question of Sport. 11.50 Dechrau Siarad. 11.30 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Make Mine Country. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 6.50-7.20 East (Norwich) Daily on a Tuesday; Midlands (Birmingham) Look! Here!; North (Leeds) The Object in Question; North-East (Newcastle) Looks Natural; North-West (Manchester) Berni and Stu; South (Southampton) Hey Look . . . That's Me!; South-West (Plymouth) Peninsula; West (Bristol) Sports Show.

BBC 2

6.40-7.30 am Open University.
10.30 On Union Business.
11.00 Play School.
2.30 pm The Business World.
3.00 Behind the Scenes.
3.30 Signs of Trouble.
4.00 Conversazioni.
4.50 Open University.
6.55 Schubert (1797-1828).
7.25 Animated Conversations.
7.30 Mid-evening News.
7.40 The Master Game.
8.10 Life on Earth.
9.05 Call My Bluff.
9.35 Where We Live Now.
10.30 Sacha Distel and Guests.
11.20 Late News.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Issi Noho. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. †2.25 Tuesday Matinee: "The Sun Never Sets," starring Douglas Fairbanks. 4.20 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Give Us a Clue.
7.30 Charlie's Angels.
8.30 Collision Course.
10.00 News.
10.30 To Good To Be True?
11.30 Inside Business.
12.00 In Concert.
12.25 am Close: Peter Henry-Jones reads from the writings of Mao Tse Tung.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Raffles. 3.20 Out of Town. 3.50 The Electric Theatre Show. 6.00 About Anglia. 7.00 Bygones. 11.30 Our People. 12.00 Police Surgeon. 12.30 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie: "Wuthering Heights" starring Anna Calder-Marshall. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.15 The Butlin's Grand Masters Darts Championship. 12.05 am Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 Raffles. 3.20 Bygones. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Raffles. 3.20 The Practice. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Report At Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Commentaires et Previsions Météorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.00 The Regions Report. †2.25 Tuesday Matinee: "The Winslow Boy" starring Robert Donat, Margaret Leighton and *Cedric Hardwicke. 5.15 Mr. and Mrs.* 6.00 Grampian Today. 6.05 Country Focus. 11.30 Our People. 12.00 Reflections. 12.05 am Elaine, The Singer Of The Song. 12.35 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Raffles. 3.20 Out Of Town. 3.50 You're Only Young Twice. 5.10 Max, The 2,000 Year Old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 10.30 City At Risk. 11.10 Too Good To Be True? 12.10 am Our People.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 The Regions Report. 2.30 The Tuesday Matinee: "Invasion of Johnson County". 5.15 Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 7.00 Mr. and Mrs. 7.30 Charlie's Angels. 11.30 Our People.

HTV Cymru/Wales. As HTV General Service except:—1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15-11.45 Mind Your Language.

HTV West. As HTV General Service except:—1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News & Road & Weather. 2.25 Family. 3.20 Regions Report. 3.50 Out Of Town. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.25 Late Call. 11.30 Stars On Ice.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Raffles. 3.20 The Family. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day including Southsport. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Our People.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Raffles. 3.20 Untamed Frontier. 3.50 *Bailey's Bird.* 5.15 You Can Make It. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 The Bob Newhart Show.

ULSTER

1.20 pm Lunchtime. 2.00 Regions Report. †2.30 Tuesday Matinee: "The Winslow Boy" starring Robert Donat and Margaret Leighton. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 11.15 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Raffles. 3.20 The Practice. 3.50 You're Only Young Twice. 5.15 Mr. & Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The Entertainers. 5.15 Doctor On The Go. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Our People.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 The Moody Blues Story. 8.00 Andy Peebles. 9.50 Newsbeat (S). 12.05-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 Tuesday Night Is Gala Night (S). 9.02 Ian Wallace (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.05-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause For Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Ray Moore (S). 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 79 (S). 8.02 Sport On 2 Special. 10.02 Laughter In The Air. 11.02 Brian Matthew presents Round Midnight *including* 12.00 News. 2.02-5.00 am You And The Night And The Music with Ruth Cubbin (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Andrea and Giovanni Gabrieli (S). 9.50 Allegri String Quartet, part 1 (S). 10.50 In *Short* (talk). 11.00 Allegri String Quartet, part 2 (S). 11.35 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 The Arts Worldwide. 1.20 Music At St. George's, Bristol (S). 2.20 Bach violin recital (S). 2.45 Quintet Of Winds (S). 3.30 Youth Orchestras Of The World, Concert, part 1 (S). 3.45 Interval Reading. 3.50 Concert, part 2. 4.55 Jazz Today (S). †5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound (continued). †6.15 At Home: Leo Fall—The Dollar Prince. 7.10 Historic Performances On Record: Bach: Partita No. 1. 7.30 Concert From Liverpool, part 1: Prokofiev, Beethoven (S). 8.15 What The Complex Did To Oedipus (talk by D. Z. Phillips). 8.35 Concert, part 2: Shostakovich (S). 9.45 A Voice From The Chorus by Andrey Siayavsky (S). 10.45 Building A Library of records (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. Magazine, including 6.45 Prayer For The Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought For The Day. 8.35 Yesterday In Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 This Susan Person: Frederic Raphael reads his own short story. 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.20 Desert Island Discs. 12.55 Weather: programme news. 1.00 The *World* At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions To The Prime Minister. 3.35 Fame Is The Spur (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 File On 4. 8.00 What Is News? 8.45 Science Now At The AAAS. 9.30 Today In Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got To Be Joking (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 *Home Run.* 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 As Radio 2.

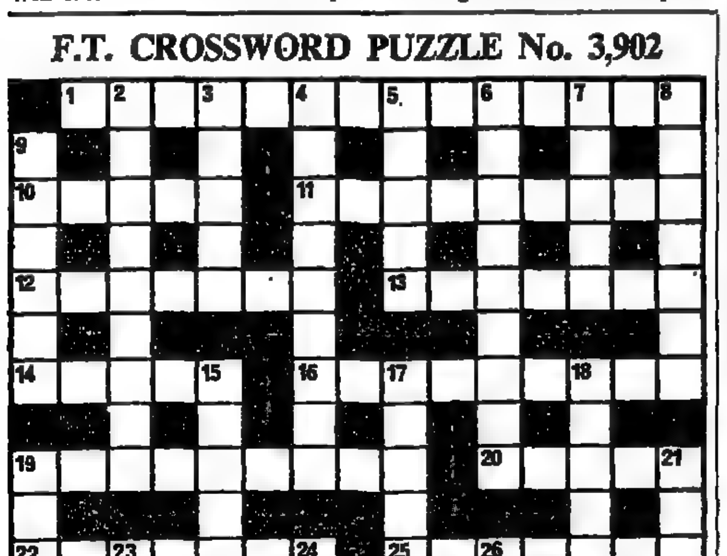
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,902



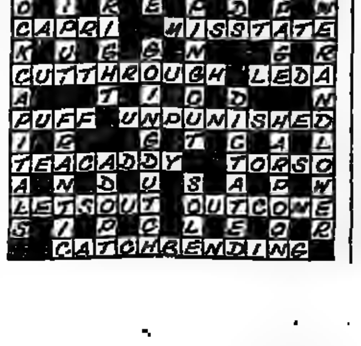
ACROSS

1 What bad drivers are always doing and chiropodists too without a word of hesitation (7, 7)
10 Different article in gold (5)
11 Doctor with no medicine sounds boring (9)
12 Boy in pain or knight-errant (7)
13 Senior Officer lied about crash (7)
14 Painter Edward taxed (5)
16 Will try the last word and start talking (9)
19 Right dirt put back inside for bird (9)
20 Correct measure with which to finish (5)
22 Turned aside distortion going to editor (7)
25 Two drinks giving support to scout (4-3)
27 Tending to teach Oriental with money I have (9)
28 Get up about noon and wash (5)
29 Fracture a person's pump and be sorry about it (5, 4, 5)

DOWN

2 Mounted gun-carrier to cover (9)
3 Weary as a wheel may be (5)
4 Named man I noted incorrectly (9)
5 Against one leader of chorus and geometric form (5)
6 Retail tea, mixed to get one's own back (9)
7 Boredom from a rotten nuisance (5)
8 Ill and is in France the most poorly (7)
9 Peeler of metal (6)
15 Gossip to follow for motor-cyclists (4-5)
17 Small in a way but coming to the point in appeal (9)
18 Lid that could be a startling fact (3-6)
19 Drug her beverage initially, it should add flavour (3-4)
21 Australian gardener (6)
23 Harden in river (5)
24 Condescend to put soldier up in study (5)
26 Cool courage never changed (5)

SOLUTION TO PUZZLE No. 3,901



ENTERTAINMENT GUIDE

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THE ARTS

Beaubourg, Paris

Railroad Times

by BRIAN TAYLOR

The exhibition *Railroad Station Times* ("Les Temps des Gares") currently at the Pompidou Museum until April 9 gives one the impression that Paris is having another of its cultural rummage sales. The undertaking epitomizes the aims of the very building itself, as a kind of clearinghouse to which the eager masses may come to sample extravagant presentations . . . without being asked to exercise their critical capacities.

With typical French flair for classification, and for the spectacular as well, the organizers of *Railroad Station Times* have aspired to a comprehensiveness that cannot leave one indifferent. Every man, woman, and child will find at least something to pique his curiosity or to provoke nostalgic memories of travel by rail. However, equally typical and much more alarming, is a certain disdain for the general public on the part of those responsible *for a thematic* exhibition such as this: so much money has been spent to say so little to so many.

From start to finish one has a distinct uneasiness of rummaging around. Fourteen (why not 13 or 52?) themes were deemed necessary for presenting the railroad station as a "microcosm of industrial society," according to the catalogue. A visitor's first encounter on entering Beaubourg's fifth-floor "warehouse" is with a series of scale-models executed in *sugar*, gaudily painted and each contained in life-size baggage carts. Dexterity in sugar sets the tone for the rest that is to be served up in the exhibition, whether it be the mock-up station waiting-room with life-size travellers (entirely whitewashed) amid recorded sound and fury and projected images, or the first of the fourteen sections devoted to "The Station: Decoration and Decorum."

In each section a multitude of photographs of all sizes and shapes, in colour and black and white, are mounted on self-supporting panels which form stalls, as it were, along a path one is asked to follow. However, there is no apparent ordering of the sequence of themes, nor even a coherent, discernible message within a given theme. One hundred and fifty years of railroad station history is simply evoked for public consumption, graphically and with some of the most finely-executed scale models (22 specially ordered for the show) of railroad stations throughout Europe and the world; yet one searches in vain for a clear and explicit position on a subject, the railroads, which continues to raise difficult issues for our increasingly collectivised, energy-conscious, industrialised society.

Situated mid-way through the exhibition and calculated, one supposes, to alleviate the mindless fatigue of some and to demonstrate a commitment to social relevance to others, is a display of objects decorated by schoolchildren as part of an experiment in which they were asked to respond imaginatively to the proposition: "Abandoned luggage on a deserted platform at night dream of travellers and travels." The results, if they interest anyone at all, probably appeal to the parents of individual participants but it is certainly unlikely that they hold much in store for other children.

Railroad Station Times, which will travel for the next two years after leaving Beaubourg to Italy, Belgium, Switzerland and the UK, represents a recurrent phenomenon these days, one that is somewhat analogous to what one observes in turning on a television set: immense sums of money are spent on productions destined for a viewing public that is insidiously left in ignorance of the essential criteria by which to judge what they are seeing. The programmer's reasons for making the selections are rarely defined. At least in a retrospective exhibition of a single artist's work, such as the Magritte show also on now at Beaubourg, one might hope to discern a series of preoccupying issues during the artist's career. With a thematic exhibition, especially one such as *Railroad Station Times*, the public has a right to demand more than mere classification, sugary models in the spirit of Madame Tussaud, and trite labels like "temple of technology."

Festival Hall

LPO/Rostropovich

by ARTHUR JACOBS

Like Menuhin, like the late David Oistrakh, Rostropovich was carried into conducting by the force of his interpretative power as a soloist. But they, unlike him, never attained the directorship of a leading symphony orchestra (the National Symphony of Washington, DC). Rostropovich's technique with the baton still leaves his players occasionally uncertain of where exactly a beat should begin and where a chord should end. But that hardly impeded the exhilaration he conveyed on Friday night, at the first of four concerts with the London Philharmonic Orchestra.

Exhilaration did not come at once. For some reason he adopted an unusually slow and indeed heavy tempo for Beethoven's *Coriolanus* overture. But then he guided three young newcomers through a most enjoyable performance of Beethoven's Triple Concerto (a work that does not always grip) and, in the New World Symphony, managed almost to convince me that Dvorak's most popular symphony is actually his best.

The structural balance between the various movements of this symphony, the surge and fall of the music within those *movements, and the composer's* masterly detail of instrumental scoring—these were all matters which received loving attention. I was a little uneasy at the way in which Rostropovich disposed the orchestra on the platform —there was a kind of "artificial stereo" between the horns high on the left and the trombones lower on the right—but the musical handling was just what a familiar masterpiece needed to establish its validity anew.

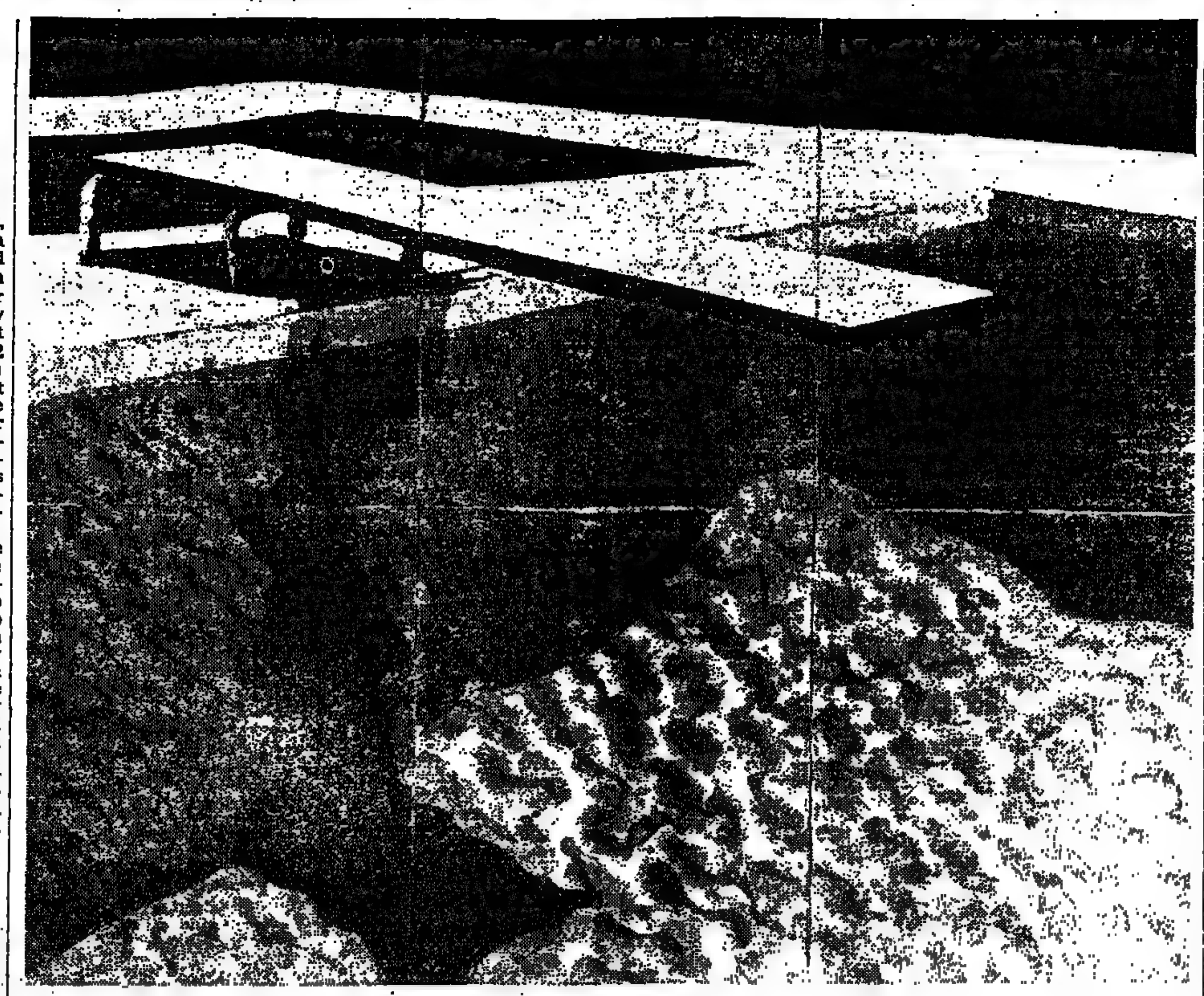
Two of the soloists in the concerto were young emigrés from the Soviet Union who well deserved Rostropovich's special sympathy. Mark Piskunov, violin, is 19; his pianist brother, Alexander, is 23. Mark is the more flamboyant player, constantly moving on his feet, turning left or right to make better contact with a fellow performer. His musical line, similarly, is constantly animated. The cellist, Frans Helmerson (Swedish) in his early 30s, has a more detached and suave approach, but the two string players "met" each other musically and Beethoven was the gainer.

At the piano, Alexander Piskunov gave firm support to a total performance full of youthful energy and youthful lyricism and there was a notable contribution of sonority from Patrick Garvey, the orchestra's second horn. All three of these young visitors are sure to be welcomed again to London and I shall particularly look out for any opportunity to hear Mark and Alexander Piskunov tackle the violin and piano sonatas of Beethoven.

Search for talented black performers

The producers of the musical *Bubbling Brown Sugar* are making an unusual offer in their search for new talent for the West End show and for a new all-black musical due to open this summer. They will give £200 to the person finding a black performer who is subsequently contracted.

Applications to audition should be made to Partus Productions, Royalty Theatre, Portugal Street, London, WC2.



"Diving Board with Shadow": David Hockney 1978

Galleries

David Hockney and John Minton

by WILLIAM PACKER

It is always dangerous for the artist that reputation should drift into celebrity, no matter that the side-effects frequently are so flatteringly pleasurable, for celebrity is merely the quality of being known too well for being well known, whereas reputation might just remain tied to the achievement that earned it. The artist removed, at least in the public eye, from the work that should sustain him, is as doomed as was any absent noble of the ancien regime.

David Hockney was, and remains, the most generally fêted English artist of his generation, a truly public figure, which distinction his gifts most certainly warrant; but there has been for some years past, perhaps even for a full decade, a certain unease concerning him, a sense, enough at least to worry those who look hard at the work, that all was not well. The shows grew less frequent and what few paintings did appear shown usually in group exhibitions of some prestige such as the Academy's Jubilee Survey and the Hayward Annual, were increasingly awkward and questionable. All artists go through difficult times, of course, and here was perhaps a genuine case of painter's block; but the trouble was that the personal publicity never slackened, the celebrity if anything increased—films were made, books written, article upon article put out that had little to do with Art, everything to do with personality. No opportunity was provided for decent, recuperative obscurity.

A lesser artist might well have caved in, and it is only right at this point to remark Hockney's admirable resilience. In all his casting about his achievement as a designer for the Opera has been real and even significant: but above all he has sustained himself through this testing period by two things, most important by his constant practice as a draughtsman, and also by his complementary activity as printmaker. In recent years his exhibitions of drawings have saved his reputation, showing us some of the best things he has ever done. Such work is frequently of an extremely high order of technical command, and absorbed and unselfconscious besides, whether it is to produce fully realised images, or perfunctory but effective mnemonics. A number of both kinds are currently being shown by John Kasmin (at Knoedler for some time) including a group of somewhat journalistic sketches describing his painted-paper-making, of which more in a moment, and one or two made lately in Egypt, one of the interior of the Cairo Museum being particularly fine.

And there are the prints. The Scottish Arts Council, with the help of the Midland Group and Petersburg Press, has organised a show of all the prints Hockney has made, from a few early student essays, on to the remarkable etchings that marked his revived interest in the medium while at the Royal College in the early sixties, a phase concluded by the splendid Rake's Progress suite, and continuing up to the present day. The lithographs of the last year or two freely drawn with brush and chalk, most of them portraits or figure studies, are encouragingly uninhibited, fresh and direct. The show remains at the Midland Group, in Nottingham, until the end of the week, and then tours the country, starting with Scotland, until well into next year.

Finally there are the paper works, the "Paper Pools" that occupy (the last things to do so, unfortunately, for Vera Russell must now close her invaluable and distinctive enterprise for lack of adequate financial support) the Artists' Market until the end of the month. These extraordinary objects require some technical explanation: pigment is added to the pulp at the very start of the paper-making process, and the image contrived in the tray, with the aid of moulds and shutters, before the final pressing into paper. The painting is thus not an image imposed upon a surface, but part of the very fabric; and the technique is direct and physical, demanding the pushing, modelling and squelching more familiar to the potter or sculptor than to the painter. The craft has been developed by Ken Tyler, at whose studio outside New York Hockney worked for six weeks last summer.

Every medium imposes its own restrictions, and with this there is a natural practical limit to the size of the single sheet. Kasmin is showing a few such single works, but the largest works of all, such as those at the Artists' Market, are made up of several sheets. Hockney's chosen image is the swimming pool, for its comparative linear simplicity quite literally gave him the freedom to paddle inquisitively in the material and technique, and it seemed most appropriate to its nature.

The results are unpredictable in absolute detail, which is part of the fun, and Hockney cheerfully exploits the contrived accidents. These are *exploratory works, rich in texture* and colour, disarmingly attractive and not over profound. Allow a good artist to play with a new toy, and he will hardly go wrong: which is not to say that these latest Hockney's are not worthwhile. The very freedom, relaxation and confidence with which he has carried them off make them impressive, and are significant symptoms besides. Hockney says that he is painting now with a freedom and a spontaneity that he has not enjoyed for years, news we have waited too long to hear.

Very little separates the young man of promise from the grand old man. John Minton, who killed himself at the age of 40, would have been in his early sixties today, and who is to say how his achievement would stand? In his way, admittedly within a smaller sphere, he, too, was a star, and his death romanticised his reputation to a whole generation of students. He had taught at the Royal College, and though Hockney must just have missed him, his presence was still immediate. A small show of his paintings and drawings is now at Morley College Gallery (until March 16, when it, too, goes on tour), and it makes a salutary demonstration of the dangers that attend talent and promise. He was at his best when he was at his simplest: some of the smaller portraits here are equisite, some of the drawings sure and direct, and the larger portrait of the critic, Neville Wallis, is sober and honest. But his innate romanticism deflected him from such simplicity, and though the decorative Palmerian landscapes are perfectly acceptable, and indeed excellent illustration, the more ambitious compositions now look embarassingly mannered: Colquhoun and McBryde have much to answer for.

Festival Hall

Bach Choir

by DAVID MURRAY

Saturday night's Bach Choir programme had a strongly Hebrew flavour, at least so far as the texts went. Bloch's *Sacred Service* and Leonard Bernstein's *Chichester Psalms* were sung in Hebrew, but for the Cantor's last English interjections in the Bloch, and of course the destructive lust of Walton's *Belshazzar's Feast* is as Old Testament as could be. All these works displayed the Choir generously; they were in full, ringing voice, agile and sharp in the virtuoso excitements of the Walton.

Bernstein's Psalms require—quite disingenuously—an effect of vocal simplicity to maintain their wide-eyed manner, and there David Willcocks coaxed a plausible adolescent innocence from the Choir. A new counter-tenor, Stuart Petersen, proved to offer surprising sweetness and power in the upper range, and he moulded the line lovingly; this is a voice of which we may hear much more. (That we heard so much of it effortlessly in Festival Hall was itself impressive.) The Psalms probably need a more richly theatrical context — like Chichester Cathedral, for which they were written—to help them make their best impression.

Bloch's *Sacred Service* represents its composer placing sincere feeling above all, at the price of any more interesting exercise of his craft. Fairly enough, the product often recalls Max Steiner's sincere film scores of the Thirties and Forties. Even in this tender performance, it seemed overlong. Here and in the Walton the baritone soloist was Rodney Macann, unemphatically pleasant, and much too constricted at the top to carry due authority either as Bloch's Cantor or as Walton's Narrator. Fervent declamation is plainly not his style, whereas it is certainly Bloch's and Walton's.

'Mama Chicago' in cabaret setting

Mike Westbrook's jazz cabaret, *Mama Chicago*, will be presented, almost certainly for the last time in London, on Friday next, February 23, at The Venue, 160, Victoria Street SW1 (opposite Victoria Station), starting at 9 pm.

The Venue performance will be the only time that the show has actually been presented in the proper cabaret setting in England.

ICA

Giacinto Scelsi

by DOMINIC GILL

Giacinto Scelsi has been called "the Charles Ives of Italy"—but the parallel is a superficial one. Today at the age of 74, with well over 100 works to his name, Scelsi is, like Ives, after a lifetime of composing, virtually unknown to the wider musical public. Like Ives, he is an uncompromising and independent spirit, who shuns publicity and the commercial music machine, and attaches himself to no group or school.

But there the similarities end. Scelsi is no more the Charles Ives of Italy than Kaikhosru Shapurji Sorabji is the Charles Ives of Dorset. Scelsi comes from a family of old Sicilian nobility, of Spanish and Arab ancestry. His grandfather was one of the heroes of the Italian Risorgimento; his father (like John Milton Cage rather than George Edward Ives) was an inventor, and a pioneer of aviation. He was a child prodigy, who studied with Respighi and Casella, and travelled widely—to the Near East, Persia and India, as well as in Europe. He was classically trained. His first notable success came in Paris in 1931, when Pierre Monteux conducted the premiére of *Rotative* —a symphonic poem scored for an orchestra which included hammers and a sheet-metal instrument, inspired by a line of Rupert Brooke, "the keen impassioned beauty of a great machine." (George Antheil's *Ballet méchanique* had been first performed in Paris only five years previously.)

A few years later Scelsi took up 12-tone studies, which he found uncongenial, and which he never rigorously applied: the call of the East was consistently more attractive than that of the West. In 1962, in Paris, his orchestral *Four Pieces on a Single Note* was presented: a web of quarter-tones and microtones, constantly shifting in colour, rhythm and dynamic, whose progressive ascent had "spiritual significance." Much of his work of the past 40 years has mystical connotations: there are many references to meditation, to Eastern ritual, to spiritual progress; Coptic chant, and the music of Persia and India are frequent sources of inspiration. He does not allow programme-notes for his music; he insists that public performance of his works should be prepared and rehearsed under his own guidance.

He is an intriguing, elusive figure: and I suspect that Sunday evening's concert at the ICA devoted entirely to his music can have given no more than a glimpse of the range of the work. The earliest piece of the programme, dating from 1939 but never before played in public, was a piano sonata no. 2 in three movements that owed much to Alkan and Skryabin, and nothing remotely to Ives. It was the evening's most substantial and accessible work, strongly delivered by Yvar Mikhashoff.

The rest were chiefly pieces for solo strings: *Manto 2* for viola, *Xnoybis* for violin, *La Trilogia* for cello — superbly taxing studies for each instrument, meshes of microtonal, double-stopped counterpoint (with a penchant for mistuned octaves) of little or no rhythmic interest. In their odd fashion, they were sometimes gripping, but I found all of them, especially the 45-minute Trilogy, too strange for their length, and eventually a little tiresome. But *CKCKC* for voice and mandolin — a "Polynesian love-song"—stayed every minute of its welcome: a mesmerising essay in South-Sea manners, given with marvellous assurance by Geneviève Renon McLaughlin The appetite was whetted nonetheless: can some enterprising promoter be persuaded to bring one of Scelsi's major orchestral pieces to London soon?

Covent Garden

Schubert Songs

by RICHARD JOSEPH

It is a rare pleasure to hear a vocal recital with so few technical problems. And such a wide ranging repertory; though Gundula Janowitz's *Liederabend* on Sunday at Covent Garden was confined to Schubert, the singer chose a large proportion of lesser-known songs, successfully avoiding both the over familiarity and the potential monotony that threatens recitals devoted to a single composer's work.

The programme was not long — only 15 songs were listed — but the evident care that went into its selection also went into Janowitz's technical preparation. This soprano did not need to include a group of easier items in order to warm up. When she opened with the exposed, precariously balanced line of "Die Götter Griechenlands" the voice was already poised and fluent, well under tonal and dynamic control.

Her interpretations were discriminating without becoming precious, straightforward but never merely plain. Points were made by technical means rather than melodramatic suggestiveness. Consequently, "Berthas Lied in der Nacht" was warmed with a more ample vibrato than the subsequent "Die junge Nonne," which began with a hard, fierce tone that opened generously as the song progressed.

Janowitz's emotional communicativeness relaxed and expanded after the interval, gaining range and assurance in two of the more popular items, the chestnut "Ave Maria" (properly placed as the last of three "Ellens gesange" by Sir Walter Scott) and "Heimliches Lieben" though I'm not certain how much of this increase in communicativeness was due to the audience's relaxed response to familiar material.

Irwin Gage was an excellent partner. He phrases vocally rather than pianistically, which is the most important single requirement for any singer's accompanist. In addition, chords were impeccably weighted and supporting textures carefully balanced without overpowering the melodic line. A beautiful performance.

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Tuesday February 20 1979

China's rash adventure

THERE CAN be little doubt about the reasons for China's attack on Vietnam. Even if few people in the West took the warning seriously, Peking has for several weeks been announcing its intention of "punishing" Hanoi for last month's invasion of Cambodia. The Chinese authorities may have chosen to make border incidents on their frontier with Vietnam the immediate casus belli, but they are doing little to hide the fact that their real concern is with Vietnamese expansionism on a wider front and the threat it poses to China's role as both an Asian and a world power.

Treaty

Seen from Peking, the threat is two-fold. In the first place, Vietnam (the "Cuba" of Asia in Chinese parlance) is building a Moscow-orientated power bloc in an area that Peking has traditionally considered a Chinese sphere of influence, and it is doing so at a time when the Soviet threat is perceived in Peking as being of ever-increasing magnitude. China's fears on this score can only have been reinforced by the news that Hanoi and the new Cambodian régime have now signed a friendship and co-operation Treaty, which also lays heavy emphasis on strong ties with Laos.

Secondly, the Chinese have been presented with a major credibility problem by the rapid collapse of their protégé Government in Phnow Penh. Despite the risks involved, the Chinese must have decided that without at least a show of force they would no longer be taken seriously as an ally in Asia or anywhere else—ironically, the very charge that the American Right is levelling against President Carter for his decision to cut formal links with Taiwan and recognise Peking.

Provocative

For its part, Vietnam has done little to avoid the conflict. On the contrary, its actions—the harsh treatment of its ethnic Chinese population, for instance—have often seemed deliberately provocative. It is possible that it does not find the Chinese invasion totally unwelcome as a means of distracting attention from its own Cambodian incursion, almost universally condemned outside the Soviet bloc. Now, Hanoi can hope to gain sympathy as the smaller victim of a big-power aggressor—for the second time in just over a decade.

Not that Vietnam is small in military terms. Its forces are better equipped than the Chinese and far more battle-hardened. Another Vietnamese consideration could equally be that if an armed clash with China is inevitable, it is better that it should take place before the Chinese forces are strengthened by arms purchases from the West.

The dangers are many. The first is that one or other of the combatants may feel obliged to escalate the conflict to avoid a humiliation—a risk that is all the greater in that the battle is not for control of a chunk of territory but to make political points about the relative power of nations. The second, though probably less immediate, danger is that Moscow will feel the need to make some show of military support for its Vietnamese ally. That is not likely to involve full-scale war between the Soviet Union and China. But there could be a good deal of dangerous sabre-rattling if the conflict continues and Vietnam proves unable to look after itself.

Taiwan

More ominous, for China at any rate, are the possible consequences for the opening to the West, and the U.S. in particular, on which the country's hopes for the future are now so firmly pinned. In normalising relations with Peking President Carter gambled that relations with Moscow would not deteriorate too alarmingly. Some Soviet officials even privately welcomed the Peking-Washington reapprochement on the grounds that the U.S. would now be able to exercise restraint on China. Any such hope has now proved dramatically ill-founded. A prolonged conflict would oblige President Carter seriously to re-examine

A further consequence would be to harden opposition to the China link from Congressmen and others in Washington who already have grave misgivings about it. During last month's visit to the U.S. Vice-Premier Deng Xiaoping succeeded in allaying many doubts about Mr. Carter's decision to break formal relations with Taiwan. Although he did not say so in so many words, he seemed to be clearly hinting that Peking would never use force to occupy Taiwan. That will still be just as true today as it was before. But Taiwan's friends in Washington have been handed an invaluable debating-point which they will use to the full in the coming weeks. If China wishes to avoid all or any of these risks, the only course must be to withdraw her forces worthwith.

The freedom of the seas

COMMON MARKET shipping Ministers today continue their search for a compromise on whether or with what reservations the Nine should ratify the 1974 UN Liner Shipping Code. As in most negotiations over trading rights, vested interests clearly underly the various national positions. At one extreme, Belgium's ships carry oly 10 per cent of the country's liner cargoes. At the other, cross-trading between third countries accounts for well over one-third of the UK fleet's dry cargo revenue. The code proposes sharing liner traffic in the proportions 40:40:20 between exporting, importing, and cross-trading countries, so naturally Belgium is pro-code and the UK is against.

Conferences

Beyond these purely national interests, however, lie a number of principles, which each of the contenders in the negotiations deploys on his own side from time to time. The most important is the commonly felt desire to avoid being seen to hinder developing countries' industrial objectives, of which creating a merchant navy is usually one. A more elusive goal is to strengthen the existing structure of liner shipping by persuading the new shipping countries to participate in strong, closed conferences, which have the ability to fix rates and plan levels of service so as not to waste resources.

Under threat

The countries which favour the code like West Germany say that qualified ratification would strengthen the closed conference concept at a time when it is again under threat from the U.S. judiciary and that it would head off developing countries which are demanding cargo shares in excess of 40 per cent.

The opponents take the view that the liner code is proposing an alternative organisational framework, based upon political rather than commercial considerations. Moreover, they believe that the Community's acceptance of the code, which will be enough to bring it into force internationally, will encourage this trend towards political cargo preference. The UN Conference on Trade and Development meets in Manila in May and there is already talk of advancing a cargo preference formula to cover bulk shipping, which would be even more serious for the established maritime nations.

Whether an inch given will mean a yard taken or an inch gratefully accepted remains a matter of judgment. It is evident however, that the EEC's decision for or against the code is only one factor in determining the future shape of the shipping industry, in which developing countries are bound to play an increasing role. Indeed, most West European Governments have been pleased to help out their ailing shipyards by building cheap ships for these very nations. The issue is how can the EEC and beyond that the OECD countries best influence this shift in the balance of shipping power to ensure that itis orderly and conducted in such a way that the efficiency of world liner shipping is not undermined.

Honourable

The compromise to be put to ministers today involves, in effect, not applying the code in trades between OECD countries, although allowing non-OECD cross-traders to "claim" their 20 per cent. It also seeks to restore partially the competitive principle in trades between the EEC and the developing world, while asking member states to note sympathetically, the Belgian problem.

This sounds like an honourable basis for settlement, so long as the interference with commercial freedom, to which Britain rightly objects, is restricted to relations with developing countries, which are already well able to make bilateral cargo reservation policies. What is dangerous is the suspicion that the EEC itself is interested in an arbitrary reallocation of shipping power among its members. It is essential that any final deal should dispel such a suspicion completely.

The German banks' reluctant rise to world power

BY MARY CAMPBELL

WEST GERMAN exports moved ahead of those of the U.S. for the first time in 1978. This milestone in post-war economic development followed a decade when Germany's economy roughly doubled in size in relation to that of the U.S.—from about 17 per cent to about one third.

Many people in the international financial markets have been asking themselves whether the German banks and the German currency will take the place in the international financial system which Germany's economic importance would now justify, if not demand.

Germany's emergence as the world's second financial power has basically happened in ten years. The German banks started late in international banking. The foundation stone for their foreign branch networks was laid only in 1967 with the opening of the Dresdner Bank's subsidiary in Luxembourg.

All the German banks' foreign operations had been confiscated during the 1939-45 war, and this was the first move of significance to open up again. With the exception of Deutsche Bank's always important role in the international bond markets, German banks' international business had been largely restricted to financing Germany's trade until then. By the time Dresdner opened in Luxembourg, the big U.S. banks were already well on the way to building worldwide networks.

Floating rate loan more

Most recently the German banks have also started to become significant managers of international floating rate syndicated loans — an area of business which they long resisted because of an aversion towards the use of floating interest rates in long-term financing, and where, unlike in the bond market, they face the full financial power of the U.S. and Japanese banking systems.

By last year seven of the 10 German banks with international pretensions owed between 25 and 40 per cent of their profits and balance sheet assets to their international operations, with the other two aiming to climb quickly from their current 15-25 per cent level.

The graph showing the foreign lending of German banks tells only part of the story, since the lending (and deposit taking) of their foreign branches and affiliates has grown even faster. These external operations are badly documented. But it is significant that the balance sheet totals of the subsidiaries of German banks in Luxembourg, the most significant single centre, grew from roughly DM 13bn at end-1972/early 1973 to roughly DM 63bn in 1977.

Apart from the growing international importance of German trade and the economy, the four main factors which finally precipitated the German banks into their current position were:

1—The falling domestic growth rate. A point which German bankers all reiterate is that the job of reconstructing the country after the war took all their energy in the 25 years which passed before they began to "think international." The growth rate has been much lower this decade, and forced the German banks to look for increased profits elsewhere.

2—The rise of German direct investment abroad. It moved from DM 1.5bn-3.5bn per annum in the second half of the last decade to DM 6bn-7bn in each of the past three years (in dollar terms the increase was from about $650m to about $3bn).

3—Competition from U.S. banks within Germany. Many German bankers admit that the activities of the U.S. banks were a big factor in increasing their own competitiveness.

4—The growing international importance of the D-Mark, together with its increased value *vis-à-vis* the dollar. International portfolio investors, disillusioned with the dollar, turned to Germany as the main capital market among the "hard" currency countries (though it is worth noting that over the next five years reflows of interest and principal on Swiss franc foreign issues are virtually as large as those on D-Marks).

In 1972, the year before the dollar was effectively floated, 54 per cent of the aggregate value of international bond issues was dollar-denominated and 17 per cent in D-Marks. In 1978, the comparable figures were 38 and 27 per cent.

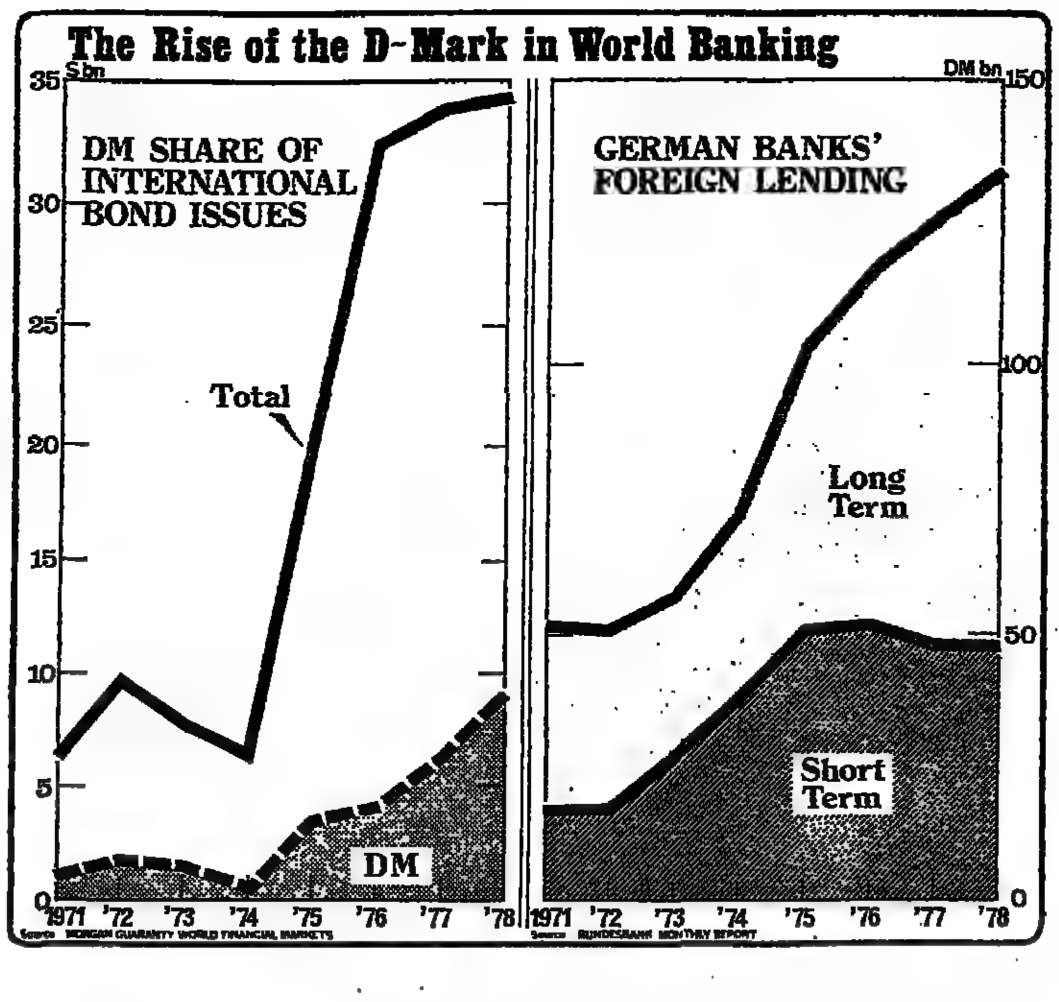
The German authorities insist that the lead manager of all international D-Mark bond issues should be a German bank, and this restrictive practice (which is also applied by every country except the U.S.) has been of great value to the German banks as the D-Mark's importance has grown.

Looking to the future, all Germany's major international bankers agree that, notwithstanding the current pick-up of economic activity at home, international business will further increase in proportion to total business but not nearly to the extent reached by U.S. banks like Citibank (which even after a fall last year earns well over 70 per cent of its total revenues from abroad).

A major uncertainty is how those German banks which earlier committed themselves to strong partnership arrangements with foreign banks will resolve the conflicts of interest which have developed as their international importance has grown. Partnerships were an excellent way of building up foreign business fast, but many international banks have found that after a certain point they lose more than they gain. There are divisions of opinion within the German banks concerned on the continuing value of partnership arrangements.

Some German banks are now tied into the partnerships as far as business in the U.S. is concerned: because of commitments to a partnership bank in the U.S., they have lost the option to establish operations of their own under the "grandfather clause" of last year's U.S. banking legislation.

The potential of the German banks internationally is very considerable for two reasons. First, in contrast with banks in the U.S., Japan, Canada and the UK, they are universal banks: they combine the so-called investment banking business of managing and underwriting issues of securities with large-scale commercial banking, the taking of deposits and making of loans.



Investment banking

In the U.S., Japan and Canada legal restrictions prevent deposit-taking institutions from underwriting issues of securities. In the UK there is a de facto division between investment ("merchant") banking and commercial banking which a decade of attempts have so far failed to break down from either direction. A major point about the German position is that far from being ossified by their size, the German banks have made most impact internationally in the area of investment banking where nimbleness is supposed to be the key. Presumably it would be relatively easy for them to build up their position in commercial banking should they choose to do so.

The edge that the German banks have over the universal banking competition from France and Switzerland is that they can offer services on an equally large scale in the world's first and second most important currencies. Now that the Bundesbank holds over $40bn-worth of foreign exchange reserves, German banks no longer fear that their central bank can offer lender of last resort facilities only in D-Marks. This, together with the build-up of their U.S. operations, has made them feel much freer to lend dollars.

In D-Mark of course they have a pre-eminent position which will remain unchallenged so long as the Bundesbank sticks to its policy of trying to keep control of the international use of the German currency by keeping it in the hands of German banks. There is no sign of a change here.

The two big imponderables are whether the D-Mark will continue its spectacular advance in international importance and whether the German banks' commercial lending departments will push forward with the same aggressiveness as their new issue departments have already done.

In contrast with the issuing departments, the commercial lending departments of the big German banks continue to maintain their main loyalty to their German customers. This attitude arises from the long years of concentration on financing German external trade and investment, and is in sharp contrast with the deeply international outlook of the U.S. commercial banks.

For the big U.S. commercial banks — always starved of a national role by limits on inter-state banking in the U.S.—cultivating foreign customers has been as important to growth as loyalty to domestic ones.

On the commercial banking side of the German banks, there is still a big attachment to the principle of trade-linked lending. Many German bankers continue to express aversion to what they call "financial" loans — loans not attached to specific projects and which are only nebulously, if at all, linked to the business of any of the banks' domestic customers.

Japanese effort

The Japanese banks have shown that an effort of will can lead to success in pushing to the forefront of international commercial bank business. Whether the German banks want to make that effort is still in doubt.

As for the future growth of the international importance of the Deutsche Mark, the conflict of interest within Germany has intensified in the past year. The pressure from the rest of the world on Germany to allow the Deutsche Mark's role to increase accelerated sharply last year.

The basic problem is that the worldwide search for an alternative to the dollar has inevitably homed in on the Deutsche Mark. Of the two other strong currencies, the Swiss franc's future should be limited because of the relatively small size of the economy. Swiss GNP is only about 13 per cent of German GNP. As for the Japanese yen, the fact is that Japanese institutional and market mechanisms are still years behind those of Germany and western financial systems generally. Not least because Japan has traditionally transacted its international business in dollars, the basic financial infrastructure is insufficiently developed for the yen to be propelled into a substantial international role for some time, even if the Japanese authorities were to push hard in that direction.

Important draw-back

Finally, should the European Monetary System get off the ground there is no evidence to suggest that the European Currency unit is likely to become a more successful instrument than the Special Drawing Right. It is an important draw-back of the SDR in commercial use that dealers and investors have to maintain a constantly shifting collection of cross exchange rates in their heads. The same would apply to the ECU. Given an alternative—the D-Mark—they are likely to take it.

Assuming that the current Iran-induced weakness of the dollar is temporary, and given continued U.S. determination to push up dollar interest rates to a level sufficient to defend the dollar, it will be developments on the foreign exchange markets that will remove a lot of this pressure towards greater D-Mark use in the short term. With a fall-back in demand for D-Marks, the currency's share of international business is unlikely to continue to rise at last year's rates.

However, the world outside the U.S. has now twice been badly burned by a collapse of the dollar—first in 1973 and then last year. It is difficult to see how the long-term trend towards currency diversification can be halted.

If the desirability of increasing use of the D-Marks is clear for anyone outside Germany, this is by no means the case within Germany. On the one hand, commercial bankers as well as the Bundesbank will pay a great deal to maintain free trade and free capital movements. German banks still prefer lending D-Marks abroad to lending dollars. On the other, commercial bankers are at one with the Bundesbank in deploring the prospect of throwing open Germany's currency to the erratic influences which have caused so much trouble first to Britain, and now to the U.S.

MEN AND MATTERS

Man of many arts behind the front

Far from secondary banking these days, Pat Matthews is in the art business. The erstwhile chief executive of the crashed First National Finance Corporation, which is still receiving nearly £300m support from the City "lifeboat fund," is the inspiration behind Hamiltons, a new Mayfair art gallery. "I am interested in all forms of art," he told me yesterday.

Another director of Hamiltons is Viscount de L'Isle, V.C.; he was chairman of FNFC during Matthews's time with the secondary bank. De L'Isle is also a director of another of Matthews new ventures — Security Archives, which stores confidential files for clients in a bunker 120ft below Haverstock Hill, London.

I asked Matthews if he had any financial stake in Hamiltons. "There is not much finance involved," he replied, then agreed that he did have some interest. He visits the gallery every day. "It was his concept," one of the staff explained.

The gallery is stylishly designed and situated in Carlos Place, beside the Connaught Hotel. As the contents show, Matthews has a *penchant* for very contemporary art, much of it from the Continent. But there is no Mr. Hamilton around—that was just a "front name" that took his fancy.

"At last, some good news"!

Peer on paper

Lord Lucan lives, at least in the pages of Who's Who. When the 1979 edition appears next month, the seventh earl will still be holding his place. "It is too early for us to regard him as being dead," explains a member of the staff.

Indeed, if the example of Sir Bruce Colin Patrick Campbell is anything to go by, Lucan will see in the next century—unless there is a move before then to have him officially declared dead. Sir Bruce, the third baronet, vanished without trace in London in 1943, and was kept in Who's Who until 1977. At last it was decided safe to assume that he was a victim of the blitz.

Debrett's takes a stricter line, by keeping Campbell in the register and simply adding that "no information concerning this baronet has been received since 1943." If he were still alive, Sir Colin would be well into his seventies, whereas Lucan—who disappeared in November, 1974 —would be (or perhaps is) a mere 44.

Meeting point

A curious meeting of the ways in Dereham, Norfolk, where disputatious workers at the trailer-making firm Crane Fruehauf have found an unlikely ally in the Dereham Society. Anxious to do the right thing when they held two meetings during a dispute, and lacking a suitable hall, the workers' union approached the local council and booked a moor near the factory. The council then presented a bill for £7.80 for using the area as a football pitch.

Concerned more with the spirit of Wat Tyler than with the precise nature of the activities on the moor, the Dereham Society says the £7.80 charge is "an infringement of the people's right to assemble freely on the common land of Neatherd Moor, a right they have exercised for generations."

A flood of loyalty

Ever anxious to please, East Germany's president and Communist Party leader, Erich Honecker, appears to have gone a step further even than Moscow in condemning the "cowardly" Chinese attack on Vietnam, and calling for the "aggressors to be stopped." He issued these stirring words in far-off Angola, where he is on the second leg of a visit to revolutionary governments in Africa.

Back home, the official news agency reports that the citizenry is "shocked by the extortionate Chinese aggression," and angry workers are said to be demanding continued East German aid to Vietnam. At a higher level, the minister of the Interior has been making appropriate noises too, and at a meeting promised to defend the "Socialist Fatherland." At this point according to *Neues Deutschland*, he was outdone by the fire department chief, colonel Robert Pohl, who stood up and "underscored the necessity of doing everything in order that the creations of the working people are not destroyed by fire." "Communists," he intoned loyally, "place great value on actively utilising the experiences and the scientific knowledge of the Soviet Union in preventing fires."

Western eyes

While all eyes are on China and her Western shopping spree, one British concern has been making further inroads into more traditional Communist markets. George Nissel, chairman of a company of the same name in Hemel Hempstead, tells me he has been helping the Russians to gear up with contact lens laboratories.

Fresh from landing an order for 10 labs, worth over £100,000 —about a fifth of the company's turnover—he has now been asked to equip a further 17 labs to be established in different parts of provincial Russia.

For 20 years contact lenses have been available to Muscovites, but, insists Nissel, "only for very strictly clinical cases." Even the most loyal party worker cannot, he says, expect to be allowed to improve his looks with a pair of contact lenses: "Go into a Moscow optician's—they have certain regulation frames and that's it."

Nissel says he did once supply a lab to China, again to serve purely clinical cases. But the Communist world in general is "a very long way" from regarding contact lenses as a normal adjunct of modern life.

Giving it time

An Essex reader who left a note asking her milkman to leave a crusty loaf returned home to find a soft loaf and the message: "No crusty loaf. If you leave soft loaf it will go crusty."

Observer

An American notebook: By ANTHONY HARRIS

I have seen the past, and it works

FOR AN all too infrequent visitor from Britain, the U.S. economy at the moment is a puzzling spectacle. In Britain it is now an article of faith that inflation depresses the economy; the dynamics of stagflation have got into our official computers. Having got over the OPEC shock, the U.S. still seems able to achieve an inflationary boom, which is going on in defiance even of U.S. forecasters. In spite of this domestic success, which has carried output and employment to new records, businessmen, journalists and politicians are preoccupied with a what's-wrong-with-America debate which is only too much like home: the traumatic decline of the dollar, of U.S. power overseas, and fears of future inflation are cause enough. Yet the financial markets present what would be regarded in London as a picture of confidence, with long term interest rates well below short.

This all seems quite the wrong way round. The productive economy of the U.S. still seems, certainly by contrast with Britain, in astonishingly good shape; there is talk of pressure on capacity, but very little to show it. There is also something a little unreal about being driven in a huge limousine to sit in an overheated office—where one sits gasping—to discuss the energy crisis. One feels that if the Americans could be persuaded to substitute a shipload or two of Scottish woollens for the missing oil from Iran, oil consumption could be trimmed with very little suffering. Yet financially, one tends to shudder. After four years of excessive creation of dollar credit, the very air smells of financial inflation — a low savings ratio, a second-mortgage boom in residential property, speculation in farmland, and reports of feverish buying of durables and antiques. To anyone who lived through the Heath-Barber boom, the echoes from the past are deafening. When President Carter introduces a Heath price-incomes policy with Callaghan trimmings, one is tempted to predict a British future for the U.S.

However, the temptation must be resisted. While some American mistakes have been rather like British ones, they have been very much smaller; the creation of dollar credit, for example, has grown at about half the rate at which credit did at the worst time in Britain; and since the inflation rate has been higher than during the Heath era, the excess in real terms has been smaller again. More important, everything has happened very much more slowly, and so the business community has had time to adapt. Companies keep a wary eye on liquidity. The U.S. tax system, which accepts a last in, first out treatment of stocks, is not the engine of destruction which our own had become before stock appreciation was given relief. With fairly lean stocks, and modest investment programmes (which terribly worry the what's-wrong school) U.S. corporations are very well placed to handle a slowdown in real growth or some acceleration in inflation. There is little material for a British style crisis in the corporate sector.

Not everyone is so soundly placed, however, and it is hard to be quite so confident about the prospect for John Doe as consumer. While there is a lot of debate about whether the total load of consumer debt is abnormal or not, one cannot spend even a few days talking with U.S. businessmen without meeting a number who boast of being what the British would call property cowboys in their spare time.

When credit tightens, markets do top out; rumbling are already audible from near the San Andreas Fault in California. Will *Superman* prove to be the first film in history which killed a property boom?) When this trouble becomes at all generalised, as it would in anything approaching a credit crunch, a lot of second mortgage holders, and the banks which have imprudently encouraged them to build credit pyramids, are going to be regretting the day when they heard that property values only moved one way. I remember hearing something similar from a Bank of England director once.

This, however, is a prediction rather than a forecast (much the same thing, but without dates), because at the moment it is very difficult to see when a credit crunch could occur. There is an old English saying which defines an incompetent as one who could not organise a drinking party in a brewery. It would take similar or worse obtuseness to create a dollar shortage in the present world; credit may cost more, but it will be ample.

It is very difficult to discuss this point with most Americans, because their financial perceptions are naturally domestic. In any case, the American monetary system, unlike the British, is insulated from the exchange markets. In Britain, an outflow across the exchanges creates tight conditions in London. But when excessive dollar creation is met by central bank intervention overseas, although excess money-supply growth is caused in D-marks or Swiss francs, no shortage is created in New York. The U.S. Treasury sells more bills abroad, correspondingly less at home. Money is left for the private sector.

There seems no reason to doubt that this process is reversible. When the Fed tightens, the dollar tends to strengthen, as was very evident before the deteriorating situation in Iran over-rode normal market forces. Foreign central banks start to sell some of their accumulated dollars. While a few Fed officials still seem to see this inflow as a threat to their monetary policy, it is largely illusory. Foreign sales of U.S. Treasury securities compel the Treasury to borrow correspondingly more in New York, so the inflow is automatically mopped up. For the same reason, as long as intervention continues, the hope in the markets that a strong dollar means falling interest rates is an equal and opposite illusion. A system which effectively isolates the U.S. domestic market from foreign events (the exact reverse of the British system), works whether the dollar is weak or strong. This explains how the Fed was able to pursue policies which undermined the dollar for so long. Now that a tighter policy is accepted as appropriate to the hair-shirt mood of the day, the dollar may be rescued by accident; but the effect again will be not on interest rates in the U.S. but on the money supply in Germany and elsewhere.

Many New Yorkers would regard this as an unfair judgement on the Fed, which is seen as pursuing an interest rate policy aimed deliberately at the exchange markets, but this feeling rather fades in Washington. The policy appears to be to keep interest rates high until there is any evidence that they are causing trouble to the productive economy, because that is an appropriate stance against inflation. The test is the domestic economy, not the exchange market.

And Fed policy does appear to be an interest rate policy. The Fed is not and never has been monetarist—and is now in no position to be, since as Stewart Fleming explained in the Financial Times on February 14, the Fed no longer believes its own money supply figures. Monetarism was a handy myth which Dr. Burns used to parade before Congress when he wanted to raise interest rates. Now that there appears to be no political resistance to higher rates (which in real terms are low, as Mr. William Miller has taken to explaining) the Fed can play it by ear.

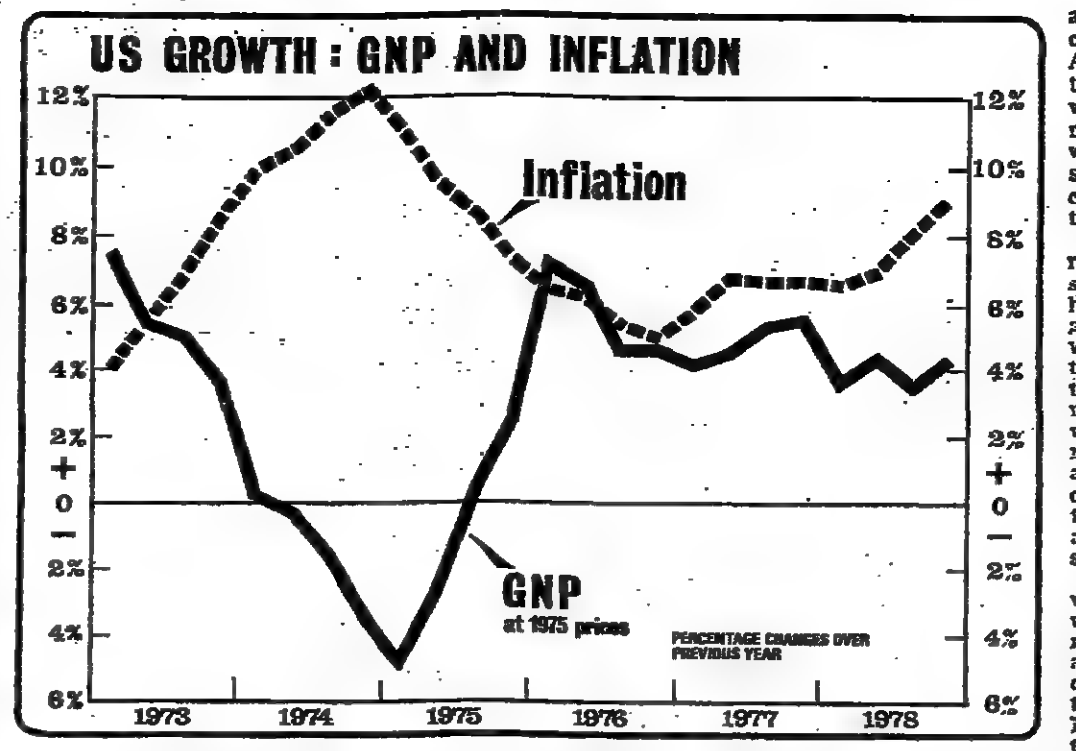
The hidden good news which any survivor of British crises can offer to unbelieving Americans is that dearer and tighter credit is likely to do wonders for the balance of payments, oil or no oil. Those who live above their means do so by borrowing; if you discourage borrowing, you reduce the deficit.

Whose borrowing will be reduced? Consumers remain something of an enigma, as we have seen; Mr. Miller does not greatly help the economic cause when he seeks to persuade them that credit is still cheap, though there is now a movement to encourage saving, which could put the balance right from the other end. State and Federal borrowing, on the other hand, seems very likely to fall, and the public sector as a whole may even run a surplus.

The anti-inflationary mood is very strong on Capitol Hill, where the House Budget Committee, for example, is even apparently questioning the defence budget. It is argued that President Carter promised NATO a rise of 3 per cent in the American NATO contribution. Congressmen argue that there is no need to apply the same real percentage rise to the whole defence budget, which includes veterans' pensions, civilian pay and much else. This attack may make very little real difference to defence spending, since the Pentagon is reported to have up to $70bn in unspent appropriations.

What a friendly British observer must very much hope is that the mood is strong enough to block President Carter's well-intentioned but surely very risky real-wage-insurance scheme. The general persuasion exercise on wages and price-setting seems to be going much better than anyone from Britain can readily believe, and may indeed reduce (or at least postpone) the cost-push element in U.S. price performance. However, the financial damage has already been done. The world-wide rise in commodity prices, the rise in interest charges, and indeed the extent of OPEC price ambitions—even pre-Iran—have everything to do with excess dollar credit creation, and the results will come through however resolute the Fed may be from now on. Alice in Wonderland, who was instructed to believe three impossible things before breakfast every day, might have put in some practice on believing the Administration's inflation forecasts. I met no one in New York who did. Mr. Irving Friedman of Citibank, who has been a pretty accurate prophet in the past, is still regarded as eccentric when he talks of an annual rate of up to 15 per cent during the final quarter.

To sum up these impressions of the near future, so far as they can be distinguished from visions of the recent past, one might expect slower growth, but probably not a recession. A strong improvement in the balance of payments and quite a strong dollar can be hoped for if Middle East politics become stable enough to permit it; but at the same time a very disappointing price performance, and persistently high interest rates (notably higher in the bond market if the inflation forecasts come to be believed). American readers might feel that this picture of inflationary slow-down reflects British prejudices—things must either be much better or much worse; but it is a judgment which is gaining some support in New York. Some sages are even growing confident enough to offer some numbers for consideration—such as 2-3 per cent for growth, 10-11 per cent for inflation, 13-13½ per cent for base rates, and 12 or so for bonds. These numbers sound quite credible to me—but I trust the reader shares my taste for plenty of salt with everything.



Letters to the Editor

A Parliament for Europe

From Mr. F. Paton

Sir,—As you rightly remind readers (February 15) it seems inevitable that the European elections campaign will allow the old arguments "for" and "against" Europe to be paraded before the electorate once more.

The election issue here will be whether one is voting for or against growth of a democracy in Europe which will gradually become an increasingly important part of world society. By contrast throughout other countries of the Community people will be voting for the party they think best able to develop and enhance their vision of Europe and their members will be returned to the Parliament to sit in nine party groupings each with representation from the majority of member states.

If a Parliament for Europe is to capture the imagination of electors it must become an assembly where new experts and specialists from all walks of life and all regions of Europe will meet to find solutions to new and challenging problems of creating a vital European force in the world. Elected members will have to find politically acceptable solutions to the problems of employment, monetary union, enlargement or the role of agriculture in society, but by far the greater task for the elected Parliament is to find and represent the consensus of European public opinion. They will have to found a European democracy that will improve the quality of life of all people in the Community and create a European influence in world affairs that stands between Communism and capitalism but is, at the same time, strong enough to challenge member states if they appear to be holding back evolution of the European idea.

The British predicament in all this is that our members practising politics of confrontation in the election will be expected to represent their supporters in the Parliament and from their stances on the Right and Left wings of European public opinion will find it hard to play their full part in a European endeavour that is based on making progress from within an agreed consensus of opinion. So far our record of working within the European consensus has been sadly disappointing and our fund of goodwill is fast running out.

The future of our country and of our children depends upon our success in Europe and it is to be hoped that our elected members accept the challenges of making Europe work, will forget the British obsession with the politics of confrontation and will work wholeheartedly with those who believe in creating a strong and influential European Community that both protects the best interests of its people and takes up a responsible role in international leadership.

Frank Paton.
Amocombe House, Enmore, Bridgwater, Somerset.

Patriots all

From the Vice Chairman, Greater London Young Conservatives

Sir,—Mr. Wade (February) calls on the selection committees for European candidates to bear in mind that their choice is for the European and not the Westminster Parliament.

That is fair enough. May I, however, call on all selection committees of whatever political hue, to choose those candidates who will fight for British interests in Europe and not those who might place European interests first.

In their speeches to Young Conservatives at Bournemouth both Mrs. Thatcher and Mr. Macmillan mentioned patriotism; let us hope that our future members in the European Parliament are all Patriots.

Charles Smedley.
32, Smith Square, SW1.

Targets in the state sector

From the Director, Economic Affairs, Chemical Industries Association

Sir,—Three quick points in response to Mr. Smith (Feb. 14). The 3p and 15p figures were the latest available from the Gas Corporation's Accounts—no doubt both are now higher. Obviously, moving gas across the country costs money, but an 80 per cent sales margin should allow rather adequately for this! Finally, (I quote the FT of February 1). "Sir Dennis Rooke (chairman, Gas Corporation) suggested that one way of dealing with a larger cash surplus would be to give shares in the corporation to its employees."

P. G. Caudle.
Alembic House, 93 Albert Embankment SE1

Striking losses

From Mr. D. Luxton

Sir,—The current industrial troubles have inevitably led to a barrage of media-inspired hostility against trade unions, and provoked crackpot suggestions on controlling "union power." Even Mrs. Thatcher's recent suggestions however do not match the naivety of that proposed by Mr. J. T. Evans in his letter on the Ford strike (February 13).

He seriously suggests that the Government should have asked the management of Ford not to settle above 5 per cent on an undertaking that any losses incurred from strike action would be re-imbursed from the Exchequer. The prospect of a Government bribing a highly-profitable private company with tax payers money, so as to impose a non-statutory incomes policy, is hardly likely to moderate the attitudes of union members, nor enhance the credibility of the Government. Moreover the Government could hardly agree to pay the equivalent of the sale price of every car not produced, let alone buy every car not despatched from Dagenham or the docks so as to protect Ford's share of the market.

Issues in the Ford strike were quite clear. The employees had seen their living standards eroded over the past few years as a result of incomes policies. A sacrifice which had merely increased the profit margins of their employer. As a contrast dividend payments throughout the country increased by an average of 24 per cent over 1977-78. Under those circumstances it was hardly surprising that they should reject an offer within Government guidelines, which would have perpetuated the decline in living standards.

The fact that the Ford settlement has become a pace-maker in private sector negotiations does not invalidate the importance of Ford workers securing a justifiable rise which reflects to a small degree the wealth they have created for the company.

The underlying assumption in Mr. Evans letter is that incomes policies are vital to the national interest. I doubt this premise—since 1945 successive incomes policies have only postponed and eventually accentuated our economic problems; and in any case they certainly discriminate against those members of the community who are unfortunate enough to have to work for a living.

David Luxton.
7, Brassey House, Cahir Street, Isle of Dogs, E14.

Mr. Robinson's remark

From Cdr. Innes Hamilton

Sir,—In Man of the Week (February 10) you quote Derek Robinson as stating: "Since there is no dialogue with management we have no alternative but to respond with the language of force."

This is a very serious statement. If true, the sooner BL is rid of its present management the better—starting with Michael Edwardes. If, however, there have indeed been intelligent discussions and explanations at all levels following the failure to meet production targets, and regarding the inability to make the promised payments, then Derek Robinson should withdraw what would have been a monstrous inexactitude which must surely have misled the Longbridge workforce.

The whole country which has provided millions for BL, has the right to a clear reply.

This if, of course, only part of the still-born next industrial revolution: the identification with the interests of their company of everyone who works therein, and the end of the "two sides" attitude. The sooner everyone cares that their business is a success, shares in its creative ideas and in the profits for which everyone's effort is responsible, from the chairman to the newest recruit; the sooner will the nation create sufficient wealth for undreamed benefits for all, public services, leisure, a full and happy life, and a strong Britain in the world.

Trade union officials may perhaps be forgiven for not wishing to lose their own jobs in a civilised and contented industrial society. Instead, they should be in the forefront of the fight to create it.

(Cdr.) Innes Hamilton.
Fairway Lodge, Virginia Water, Surrey.

Good industrial relations

From the Management and Training Adviser Industrial Relations Department, The Industrial Society

Sir,—Whether or not we restrict an individual's freedom by requiring him to join a union as opposed to a pension fund is largely academic. More important is the need to resolve any real management problems which the closed shop might create. One very real danger is the tendency for full-time officials, secure in the knowledge of incoming subscriptions, to lose touch with their members. Many companies have found that planned regular meetings between stewards and full-time officials (and by stressing to line management the importance of effective grievance procedures as well as the training of managers and stewards, both as separate groups and jointly) have gone a long way towards eliminating this danger.

The doubts about secret ballots, and they are very real doubts, expressed by unions and employers are centred around the practicability of holding secret ballots with respect to cost, the circumstances which justify a ballot and the pressure on negotiators to achieve speedy agreements. With respect to cost, if Government is going to pass a law which causes costs to be incurred then Government should, to some extent at least, finance its implementation. The point at which a ballot becomes necessary and on what topic, would be less easy to define; clearly any decisions which could affect the normal running of companies and thereby our ability to generate wealth are ballot-worthy. The most difficult problem to overcome is the desire of negotiators, but company negotiators in particular, for quick decisions: the solution to this will probably mean greater use of acceptable independent bodies who are accustomed to conducting ballots at short notice.

It is clear that unions and employers are becoming increasingly worried about the lack of authority of union executives. Trade unionists will point out, quite rightly, that the executive is the servant of the membership; it is also, however, the instrument which is charged with ensuring that union policies are universally followed. Its ability to do the latter is becoming questionable which is an indication that policies are being formulated that are out of line with true grass root feelings. Some companies believe that it is not their place to interfere in this area; others, more positive and forward thinking, have discovered that there are immense benefits to be gained from providing facilities for unions to hold branch meetings as well as encouraging their employees to attend such gatherings regularly.

Stephen Wrinch.
The Industrial Society,
Peter Runge House, 3, Carlton House Terrace, SW1.

Investment surcharge

From Mr. C. L. Fox

Sir,—Even Mr. Healey, who not so long ago threatened to make the "wealthy" (ie the thrifty middle-class) "howl with anguish," now acknowledges the injustice of the 15 per cent investment income surcharge on those over 65. If he is now desperate to sell Government stock would it not be a good idea for him to offer OAP's freedom from that iniquitous tax on gilt-edged securities?

C. L. Fox.
Heatherbrow, The Ridges, Finchampstead, Berkshire

Today's Events

GENERAL

UK: February provisional figures for unemployment and unfilled vacancies.

Mr. Bruce Millan, Scottish Secretary, meets Mr. Gene Woodfin, chairman of Marathon Construction of the U.S., to discuss the company's rejection of a Government order for an oil-drilling rig from the Clydebank yard.

Mrs. Shirley Williams, Secretary for Education, is guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, W1, 1 pm.

Ambulancemen's delegates in talks on increasing industrial action.

Central Arbitration Committee hearing on National Freight Corporation lorry drivers' pay parity claim.

Statement by British Institute of Management on Budget submissions to Chancellor of the Exchequer.

Mr. John Golding, Parliamentary Under-Secretary for Employment, speaks on the employment scene with special reference to redundancies, Ovez-IBC seminar, Carlton Tower Hotel, SW1.

Lord Clark, art historian, author and broadcaster, in lunchtime dialogue at St. Mary-Le-Bow, Cheapside, EC2, 1.05 pm.

Sir Kenneth Cork, Lord Mayor of London, attends Guildhall Lodge Installation Meeting, Mansion House.

Queen Mother holds investiture, Buckingham Palace.

Church of England General Synod opens, Church House, London.

Overseas: Mr. Eric Varley, Secretary for Industry, arrives in Singapore for two days of talks ahead of Hong Kong and China visit.

Meeting of EEC Transport Ministers in Brussels.

Herr Wilhelm Haferkamp, EEC External Affairs Commissioner, continues talks in Tokyo on the reduction of Japan's trade surplus with EEC.

Mrs. Judith Hart, Minister for Overseas Development, leaves for short visit to Bonn for talks on aid matters with Herr Rainer Offergeld, West German Minister for Economic Co-operation.

OFFICIAL STATISTICS

New construction orders (December).

PARLIAMENTARY BUSINESS

House of Commons: Continuation of Monday's debate on first report of Procedure Committee 1977-78 with 1st to 8th report of Procedure Committee 1976-77.

House of Lords: Films Bill, committee stage. Legal Aid Bill, committee stage. National Land Fund Bill, committee stage. Public Lending Right Bill, committee stage. Ancient Monuments and Archaeological Areas Bill, committee stage. Short debate on treaty on strategic arms limitation.

Select Committee: Nationalised Industries, Sub-committee A. Subject: British Waterways Board. Witness: Mr. Peter Shore, Environment Secretary. Room 8, 4 pm.

COMPANY RESULTS

Final dividends: Anglo American Coal. Crest Nicholson. Martin Ford. Pentland Investment Trust. Vantona Group. West Coast and Texas Investment Trust. **Interim dividends:** Peter Brotherhood. Ernest Jones (Jewellers).

COMPANY MEETINGS

Burco Dean, Great Eastern Hotel, EC, 12. Crest International Securities, 325, City Road, EC, 12. Record Ridgway, Cutlers' Hall, Church Street, Sheffield, 12.30. Reo Stakis Organisation, Normandy Hotel, Inchinnan Road, Renfrew, 3. Trident TV, Dorchester Hotel, Park Lane, W. 11.30.

Drake & Scull profits rise 38% to top £2.5m

A 38 per cent increase in 1977-78 pre-tax profits together with news of a settlement with Tarmac over the sale of Holland, Hannen & Cubitts to Tarmac in 1976 is announced by **Drake and Scull Holdings.**

For the year ended October 31, 1978, group pre-tax profits rose from £1.83m to £2.53m on lower turnover amounting to £39.5m compared with £43.05m. However, the estimated selling value of work carried out has increased from £46m in 1977 to £56m in 1978.

The results for the previous year exclude Drake and Scull Africa (Pty.), which was sold in January, 1978. Its contribution during the year ended October 31, 1977, was £11.04m and £792,000 to turnover and profits, respectively.

Basic earnings per share before extraordinary items, are shown at 10.2p (9.4p) and 7.9p (7.1p) fully diluted.

The directors propose a final dividend of 1p net per share bringing the year's total to 2p. The interim of 1p, declared in July last year, was the first ordinary dividend for six years.

Commenting on the results Mr. Michael Abbott, chairman, says the improved result was achieved despite a small reduction in the value of completed contracts.

Under the terms of settlement, the company and Tarmac have agreed that the consideration for the sale of the Holland, Hannen & Cubitts Group is to be reduced in satisfaction of any claims which Tarmac may have arising out of the purchase. Accordingly, no further consideration is due to the company from Tarmac.

Ashley Ashwood

Mr. Michael Abbott, chairman of Drake Scull Holdings.

● comment

After a 38 per cent pre-tax profit rise and a seemingly amicable settlement of the dispute with Tarmac, **Drake & Scull** has just one more hurdle to clear before resuming an even course. Elimination of goodwill and the £1.25m reduction in the consideration for Cubitts lifts the deficit on revenue reserve to £8.6m. The obvious solution would be a capital reconstruction —possibly a cut in par value per share from 25p to 5p—which may be accompanied by a rights issue, although the group's cash resources are said to be very adequate. Profit estimates for the current year probably start at about £3m pre-tax and with over £1m of tax losses still available in the parent and Sturtevant Engineering the charge, at 34.2 per cent last time, will remain sub-normal while dividend freedom is expected to last until at least October, 1980. The shares climbed 1p to 42p yesterday where the historic yield of 7.3 per cent and the p/e of 5.2 on stated earnings offer a sufficiently sound base from which to launch any balance sheet proposals.

BOC sees better year after Airco acquisition

Although the general economic scene is one of considerable *uncertainty*, *results of* **BOC International** in 1979 should show an improvement, the directors say in the annual report.

Recent forecasts show group trading and earnings per share moving up towards the 1977 level, they state.

Profits will benefit from a full year's earnings from Airco and exchange rate movements should be less significant. Much will depend on the UK where the main fall in profits last year occurred.

With the acquistion of Airco, for more than £250m, the group now has a major position in the U.S. in its traditional businesses of industrial gas, welding products and medical equipment.

In addition, through Airco, it is now involved in two major activities — Ferro-Alloys and carbon-graphite products. The ferro-alloys business may be sold in the current year.

The Airco acquisition almost doubled the size of the group overnight and detailed comparisons with performance in earlier years were therefore not only almost impossible, but no longer relevant.

Including 100 per cent of Airco, group sales in the year to September 30, 1978 rose from £670.6m to £1.2bn, but pre-tax profit fell from £82.2m to £66.5m.

On a current cost basis, pre-tax profits were reduced to £58m (£66m) after adjustments for depreciation, £10m, cost of sales £8m and £10m gearing.

In 1979 capital expenditure will remain at a high level although it will decline in real terms. The absolute level of borrowings will increase slightly but the level of gearing should fall, the Board says.

Most of the group's debt is long-term and no problem is foreseen in refinancing the short-term element. The group has substantial facilities with its bankers and these will ensure adequate capital for foreseeable needs in 1979.

Net borrowings, including finance leases, increased by £343m to £497m. Of the increase £212m was borrowed to finance the Airco purchase and £115m is Airco debt now consolidated.

At September 30, 1978, net borrowings represented 44.7 per cent of total capital employed. Meeting, 20, Aldermanbury, EC, March 21.

See Lex

HIGHLIGHTS

Lex looks at the annual report of **BOC** which reflects the full takeover last year of Airco in the U.S. Elsewhere plans are being drawn up for the introduction to the Stock Market of **North Sea Assets**, a vehicle for institutional investment in the North Sea and related areas. On the bid front **Norcros** has produced its formal offer document for **H and R Johnson-Richards.** Also on the bid scene **Arthur Guinness** comes in with a bid for the shares in **White Child and Beney** that it does not already own. **Drake and Skull** has settled the dispute with **Tarmac** and also reports full year profits.

FII makes first half progress

FOR the six months to November 30, 1978, **Footwear Industry Investments** reports an advance in taxable profits from £419,630 to £459,924. Turnover for the period showed a £1m improvement at £6.58m.

Stated earnings per 25p share are ahead from 4.99p to 5.46p and the net interim dividend is stepped up from 1.4p to 1.54p. Last year's total payment was 4.38862p from profits of £632,000. Interim dividends costing £18,295 (£16,632) have been waived.

After tax for the first half of £239,160 (£218,208), the net profit emerged at £220,764 (£201,208).

The directors state that all companies traded profitably, but the London factories' contribution was reduced by high absenteeism. Factories in Wales and Southend performed well, as did merchanting operations.

It is too early to assess the effects of the various strikes and the poor weather conditions which the country has had to face for many weeks. However, if there is not too much external hindrance, annual results should be better than last year's. Liquidity remains strong.

TAP ISSUES

The prospectuses are published today in connection with the £800m 13¾ per cent Treasury Stock 2000-2003 and £500m 13¾ per cent Exchequer Stock 1987, both at £96 per cent.

If not previously redeemed, Treasury Stock will be repaid at par on July 25, 2003, while Exchequer Stock will be repaid at par on January 22, 1987.

Jentique advancs to £292,960

AS FORECAST, **Jentique (Holdings)**, furniture and clock manufacturer, turned in higher profits in the half-year to December 31, 1978. Pre-tax profits rose from £158,200 to £292,960 on turnover up from £4.33m to £5.96m.

The directors say that, since the New Year, in spite of the economic difficulties, the company has surmounted external problems for both home and export markets without a comparable loss of turnover. And current order books show a satisfactory advance on the same period last year, they add.

Initial production of quartz electronic movements, in respect of which substantial investments have been made during the last two years, will come on stream this month.

The directors plan to maintain the current high levels of production within the group during the present trading period.

After tax of £127,050 (£74,500), earnings per 25p share are shown higher at 2.09p (1.06p). The net interim dividend is lifted from 0.92235p to 1.02995p—last year's total payment was 2.209p on pre-tax profits of £424,000.

Winding up orders for 53 companies

Orders for the compulsory winding-up of 53 companies have been made by Mr. Justice Vinelott in the High Court.

They were: Nasonford; Arnall Capps; House of Sound; Rhodafern; Mansour and Co.; Breda Electrical Company; Mowrie Decorations; Rye Liner Services; APD Projects (South East).

Charnley (Electrical); Jivraj Investments; Radley Housing Association; Metropolitan Advertising (Hotels); Oystermouth Development Holdings.

PJB (Estates); Latimer New Dimensions; John Tuckett; Lorton Estates (Nottingham); Marshall and Greener; Codelane, and C. Y. Fashions.

Annette (Brighton); Intermesh Components; Houlston Investments; Concrete Construction Services (Bristol); Lolacroft; Stonfield.

Planning and Operating Promotions; LDO Decorators; Timar Haulage; Go-Mac Transport; T. P. Fogarty; G. Humphreys (Builders).

Jason Lowe Reproduction; S. Sieve and Co.; Docella Gowns; Francmore and Wymark; Keeling Shoes; Extrasure.

Listaprint; Gofor Estates; S. P. Bocking and Co.; Nabel Investments; Harroglow; and Tim Wray (Cheshire).

Cladlynn; D. J. Cox Civil Engineering; Jack Livesey (Construction); Raidsilk; Jarrett Developments; Finchmanor; Lectronic Joint Systems (Export Projects), and V. M. Realisations.

Apex Properties first half

RENTS receivable at Apex Properties for the half year ended September 30, 1978 increased from £410,531 to £493,394 and pre-tax profits were £253,176 compared with £158,839 in the same period last year.

Tax takes £131,652 (£95,196) giving earnings per share of 1.13p against 0.84p. The interim dividend is effectively raised from 0.4p to 0.5p—last year's total was equal to 1.3p on pre-tax profits of £406,000.

The half year also shows an extraordinary credit of £49,605, being a profit on disposal of an investment in an unquoted unit trust.

RECEIVER FOR ALUN GRIFFITHS

Following adverse trading conditions at civil engineering contractors Alun Griffiths (Contractors), Allied Irish Banks has appointed Mr. Christopher Morris, of Touche Ross and Co., London, as Receiver.

Mr. Morris and his team are carrying out an urgent review of the company's contracts prior to making a decision on its future.

Homfray sales hit by strike

IN HIS annual statement, Mr. D. E. Gillam, chairman of **Homfray and Co.**, reaffirms that UK results for the first two months of the current year show some improvement, but trading conditions in Australia remain difficult.

He adds that sales since January are low, especially exports, which is the direct result of the transport drivers' strike. The current economic problems must inevitably make exporting much more difficult and the resultant increase in unemployment will, in turn, depress the home market.

The Australian companies will find it extremely hard to achieve results similar to those of the past until the usual economic indicators show signs of improvement, the chairman says. After a good year in 1977, these companies' pre-tax profits fell by almost half from £1.12m to £0.61m.

The UK carpet group reconstruction in 1977, designed to concentrate manufacturing and selling operations into one subsidiary company — Homfray Carpets — is working well and further steps have been taken recently to strengthen management controls in a new divisional structure.

Direct exports from the UK did not achieve the high levels of the previous year, but fell by only 13 per cent compared with the industry average of 21 per cent. The company, says the chairman, will continue to make substantial efforts to sell a large proportion of output abroad.

As reported on December 22, pre-tax profits fell from £1.72m to £1.05m in the year to September 30, 1978, on sales ahead from £37.9m to £40m.

North Sea Assets seeking quote 'within months'

North Sea Assets, which specialises in investing in companies in the oil and gas industry, is planning to seek a share quote.

In a presentation to institutional shareholders in London yesterday, the company's chairman, Lord Clydesmuir, said that NSA will be seeking an introduction of its shares to the London Stock Exchange "within a matter of months." He added that he hoped "this will improve what we are aware has been an unsatisfactory situation." At the moment the shares are traded under Rule 163.

North Sea Assets was formed in 1972 with a paid up capital of £20m with the intention of channelling institutional money into companies operating in the oil and gas industry, in particular in the North Sea.

It has had a chequered history to date and some of its investments have turned sour. As a result the shares which were initially subscribed at £20 each are now trading around the £8 mark. The company paid its first dividend in 1976-77 of 20p per share and paid the same in 1977-78.

The company also revealed that it is going to adopt new accounting policies to ensure that capital and revenue items are separated. Until now NSA has taken all profits and losses, whether revenue or profit, through the profit and loss account, and the balance for the year being taken to the reserve account. This makes analysis of the company more difficult and the proposed changes are designed to help investors better assess the company's net asset value.

In addition NSA is to widen its sphere if operations to include the entire world wide oil and gas industry so that a greater spread of investment risk is achieved. At the moment the moment the company has 11 investments valued at just under £15.5m of which the biggest, a 20 per cent share in a pipelaying barge, is valued at £5.5m.

The Board has decided that in future Ivory and Sime will be the sole managers and secretaries of the company. Noble Grossart, who had been operating manager, will continue to work for the company in a normal merchant banking role. In 1975 Edward Bates withdrew as joint operating manager.

Kursaal goes ahead at mid-year

An increase in pre-tax profits from M£179,000 to M£203,000 for the half-year to November 30, 1978, is reported by Kursaal Company, which owns the Dragonara Palace Hotel and Casino in Malta. Turnover rose from M£1.27m to M£1.35m.

On prospect for the current year, Mr. Eric MacAdie, chairman, says that while hotel occupancy has improved, increased costs have cut into the benefit. Winter, usually a somewhat bleak time in the last few years, is showing better results and he is therefore hoping for an improved out-turn for the full year.

Casino takings were disappointing, but the company's other activities, which includes the Reef Club and Swimming Pool, again proved popular and more profitable following the continued programme of improvements.

The gross interim dividend is lifted from 1.25 cents to 1.375 cents. Last year's total payment was 2.75 cents.

After tax of M£78,000 (M£58,000), attributable profit is M£125,000 (£M121,000).

Sime Darby London moves into loss

Sime Darby London, the subsidiary of Sime Darby Holdings, has announced a £1¼m turnround to losses for the half year to December 31, 1978. The losses, came from the insurance broking susbidiary, Robert Bradford.

Sime Darby London made a pre-tax loss of £325,000 in the half year, compared with the £923,000 profit made in the equivalent period in 1977.

The improvement in cash collection from debtors in connection with the aviation department of Robert Bradford is taking longer than anticipated. The company has incurred heavy financing costs in respect of these debtors.

But considerable progress has been made in overcoming the difficulties according to the company, and "a significant cash flow improvement is expected very shortly."

Difficulties at Robert Bradford were first revealed in 1977 when the company made a provision of £3.25m. The company said then that the losses would be realised in future years. The total was impossible to forecast accurately but was not expected to be more than £3.25m. The provision was offset by an ex-gratia payment of this amount by Sime Darby and the other shareholder.

Turnover of Sime Darby London fell to £44.7m (£46.3m) and taxation to £173,000 (£590,000).

Holding company's results.

ICFC LOAN

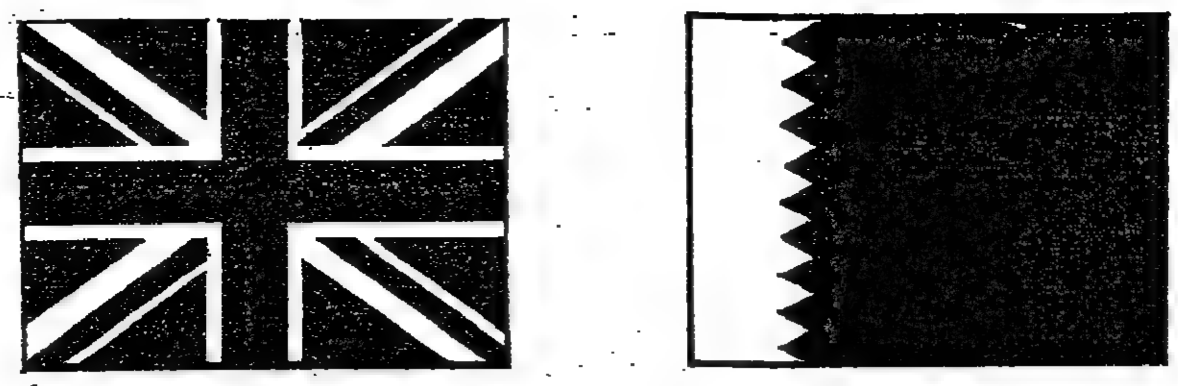
ICFC is raising £8.45m from Citibank. In return it is issuing *£10m 10¼ per cent unsecured* loan stock 1986.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Apex Props. ......int.	0.5	March 30	0.4*	—	1.3*
Drake and Scull	1	April 9	nil	2	nil
Eng. and Scot. Inv. 2nd int.	2.05	April 5	1.85	2.65	2.45
Footwear Ind. Invs. int.	1.54	—	1.4	—	4.39
Impala Plat. ...2nd int.	6‡	April 20	4	—	18.4
Jentique ....int.	1.03	April 4	0.92	—	2.21
Kursaal ....int.	1.37§	—	1.25	—	2.75
Scot Eastern Inv.	2.8	April 30	2.8	4.8	4.05
Temple Bar Inv.	4	—	1.75*	5.5	4.75*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout. § Maltese cents less tax throughout.

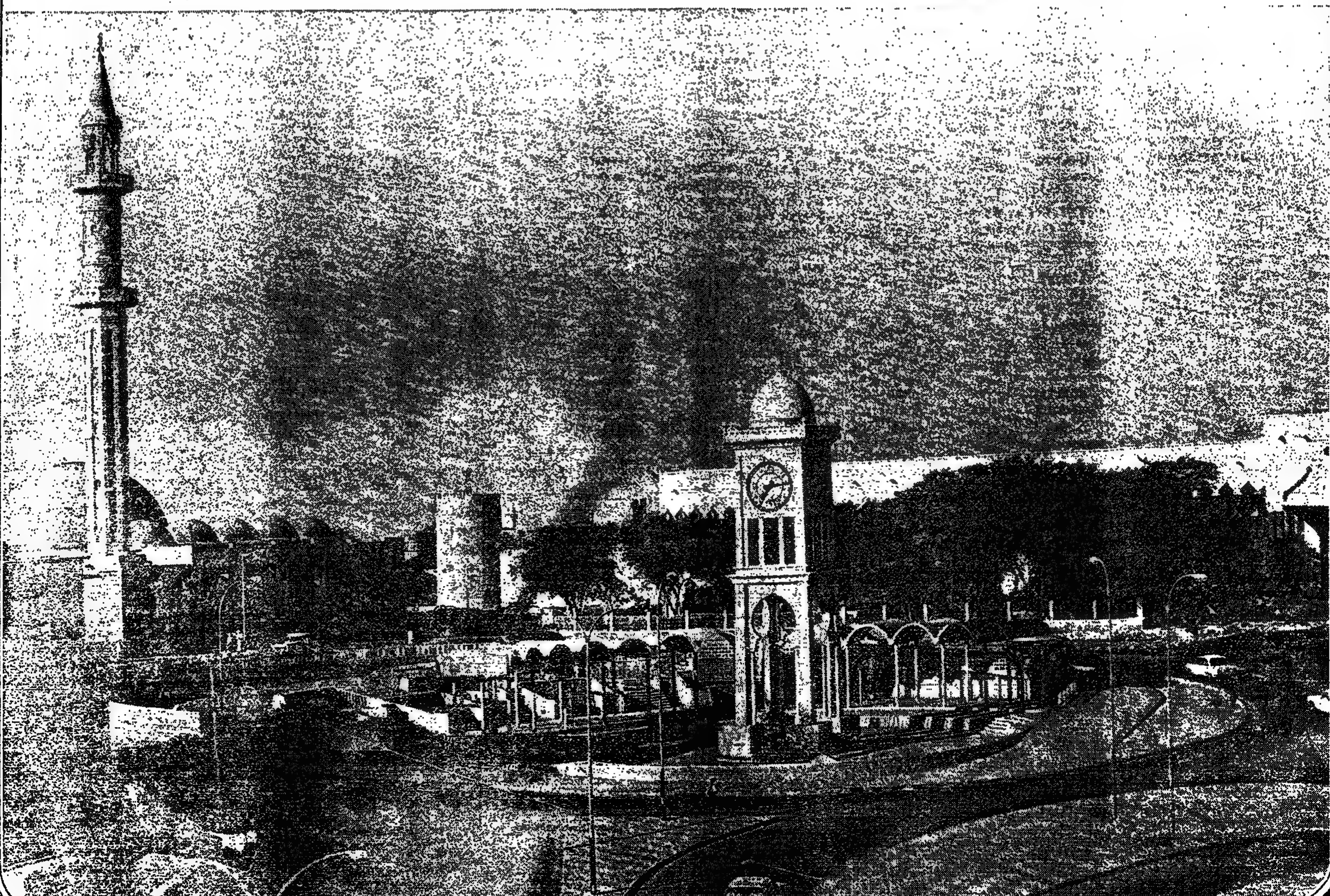


The State of Qatar extends to Her Majesty Queen Elizabeth II and His Royal Highness The Duke of Edinburgh most cordial greetings on the occasion of their visit to Qatar on 21 and 22 February. This visit will be a fitting culmination to more than two centuries of good relations between the two nations and will usher in many years of future cooperation and friendship.

The Government and people of Qatar are especially glad that Her Majesty will be with them for the celebration of the seventh anniversary of the accession of His Highness The Emir of the State of Qatar Sheikh Khalifa bin Hamad al-Thani. These two important occasions will happily combine to make Her Majesty's visit a truly historic and joyous event.

STATE OF QATAR MINISTRY OF INFORMATION

Press and Publications Dept.,
Ministry of Information,
Doha, Qatar.



Companies and Markets

UK COMPANY NEWS

Utd. Scientific to consolidate

MR. J. D. ROBERTSHAW, chairman of **United Scientific Holdings**, feels that the current year will primarily be one of consolidation of the progress made in the last 12 months, and it will put the company in a strong position to meet the level of demand foreseen for the early 1980s.

During the year to September 30, 1978, as reported on December 16, the company pushed taxable profits ahead from £2.73m to £3.86m on much higher turnover of £25.2m compared with £13.5m.

Direct exports from the UK amounted to £11.42m (£6.85m). A geographical breakdown in percentages shows: the Americas 26; Africa 17; Asia 54; Rest of the world 3.

During the year under review the turnover of the UK companies rose by £4.5m and the whole of this increase was exported.

The chairman says it is clear that to maintain and further increase sales and share of the market overseas means that the increased sophistication of both the equipment available and the requirements of the customers leads to a need to offer complete systems and not just discreet components. The company is, therefore, now offering in combination with manufacturers of compatible equipment, systems and refit packages which guarantee to the customer the satisfaction and performance of his requirements. Such joint offers are frequently produced by the companies concerned on an international basis utilising the best of the technologies available from several areas. The locations of the group's manufacturing plants in the UK, the U.S., and Singapore—being almost equidistant around the globe—place it in a favourable position to participate in these projects and, more importantly, to remain aware of all new requirements as and when they arise.

Mr. Robertshaw reports that the integration of OEC within the group has taken place smoothly. There has already developed a steady flow of work and co-operation between OEC and all the other group companies. In particular OEC is working closely with Avimo in Taunton on the development of a new range of advanced laser range finders combined with second generation night vision capability.

Atlantic Assets Trust holds 8.2 per cent of the company's ordinary capital. The AGM will be held at the Grosvenor House Hotel, W, at March 13, at noon.

Rank rights & capital increase approved

Shareholders of **Rank Organisation**, the conglomerate with a stake in Rank Xerox, voted overwhelmingly in favour of an increase in authorised share capital and a £62m rights issue at an EGM yesterday.

Mr. P. H. Courtney, the finance director, said afterwards that he found Press criticism of the issue in recent weeks "extraordinary." Some brokers had been against the issue for their own reasons and had talked the shares down, he said. But the strongly favourable reaction to the issue shown in the vote yesterday showed that most shareholders approved of it.

At the meeting, only four hands went up in opposition to the issue. And less than 5 per cent of the proxy votes were cast against it.

Several shareholders asked for further details of what Rank itends to do with the money. But the chairman, Mr. Harry Smith, was not prepared to be more specific than he had been in the issue document. He said in the document that the money would be used to reduce borrowings, make acquisitions and finance capital projects.

One shareholder asked the board to obtain shareholders approval before making an acquisition worth £20m or more. Mr. Smith turned this idea down but reaffirmed his promise that money will only be spent in areas where Rank is already invested.

Mr. Courtney met certain institutional investors for lunch after the meeting. This was a rotuine meeting with the institutions said Mr. Courtney. "The timing was of no significance," he said.

ROMNEY TRUST

Since December 31, 1978, **Romney Trust** has purchased for cancellation £1.28m nominal of its convertible unsecured loan stock—not £1.35m as reported on Friday. This leaves in issue £1.56m nominal—not £1.48m as stated.

Glanfield Lawrence starts well and confident

The current year has started well at **Glanfield Lawrence**, vehicle retailer and distributor and, if the present pattern continues, the group can look to the future with quiet confidence, says Mr. John R. Glanfield, the chairman.

Results in the 1978-79 year will be influenced to a large extent by the supply levels from the group's manufacturers for both cars and commercial vehicles, he says. Glanfield has set itself up to handle volume, "and our aim, providing supplies are available, is to achieve a higher market penetration at our respective locations," he adds.

As known, pre-tax profits for the October 31, 1978, year were down from £86,128 to £70,906 on turnover of £9.4m against £8.78m. The dividend is unchanged at 1.25p per share.

The group continued to achieve satisfactory results from sales of vehicles, parts and self-drive hire at most locations although two dealerships were not up to the mark and this reduced anticipated profits. Action has been taken to strengthen management in these problem areas and a better result is now forthcoming.

Despite these setbacks, in the final quarter July to September sales were vigorous and the half year proved better than its predecessor, but once again a serious shortage of new vehicles affected performance which prevented the group from achieving its full potential, a situation which still exists, Mr. Glanfield says.

Progress was made by the hire purchase companies though competition continues to be fierce.

The importation company at Brighton produced a better result and it is expected that steady growth will be maintained.

Glanfield Baldet, associate company, continued to meet difficult trading conditions; results were disappointing and the contribution to group profit was low. A new motorcycle accessories department was opened and showed good results, and trading improved at the Citroen dealership. This converted the half year loss position to a small overall profit for the year, the chairman explains.

A statement of source and application of funds shows an increase in working capital of £17,524 at the year end compared with a £31,048 decrease previously.

Meeting, 407, High Road, North Finchley, N, on March 12 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Finals: Crest Nicholson, Martin Ford, Meldrum Investment Trust, Pentland Investment Trust, Vantona, Vereeniging Refractories, West Coast and Texas Regional Investment Trust.

FUTURE DATES

Interims:—

Austin (F.) Leyton	Feb. 23
Bogod-Pelepah	Mar. 6
Downing (G.H.)	Mar. 7
Staffordshire Potteries	Mar. 8

Finals:—

Canning (W.)	Feb. 26
Fife Forge	Mar. 8
Hoover	Mar. 1
Sharpe and Fisher	Mar. 22

Moracrest invests £2.3m in first year

Moracrest, the "small business" investment company, equally owned by the Midland Bank, the Prudential and British Gas Pension Funds, invested £2.26m in four companies during its first full year, ending September 30, 1978.

Started in 1977 with a capital of £15m, Moracrest has made a further investment of £360,000 since its year-end and is currently committed to offers of £500,000.

Moracrest has a £700,000 investment in Pershke Price Service Organisation, an agent for continental printing machinery manufacturers, with a turnover of £23m. Moracrest's investment gives it a 25.1 per cent stake. It has a 43 per cent interest worth £165,000 in Riddoch of Rothiemay which is in sawmilling and timber merchanting.

In addition it is investing £500,000 in central heating installers United Heating Services. Moracrest's largest single investment of £900,000 gives it a 61 per cent stake in Ryland Vehicle Group, which retails commercial vehicles and is in car and truck rentals.

Since the year end Moracrest has invested £360,000 in Northwold Motor Holdings, distributors of cars and trucks.

Mr. Jack Smith, chairman of Moracrest and chief executive of the British Gas Corporation, said that the company would increase its investments in the current year. For 1977-78 Moracrest's profit before tax and extraordinary item was £106,633.

Henlys soundly based

IN HIS annual statement Mr. G. R. Chandler, chairman of Henlys, tells members that on the financial side the company is well placed to take advantage of further investments opportunities as and when they arise.

As reported on January 18, pre-tax profits for the year to September 30, 1978, improved by 32 per cent from £4.32m to £5.7m. At that time the chairman said he was optimistic on prospects for the current year. In his statement he reiterates this view.

On a current cost basis profits before tax are shown at £4.29m, after adjustment for depreciation £0.57m, cost of sales £1.59m and gearing £0.75m.

The accounts have been qualified by the auditors. They point to the fact that no depreciation has been provided on freehold or long leasehold properties included at cost or valuation to the accounts at £10.23m for the company and at £15.03m for the group.

A statement of source and application of funds shows a net inflow of funds of £686,000 (£71,000 outflow).

Meeting, Henley House, NW, on March 15, at noon.

WESTMINSTER AND COUNTRY

Westminster and Country Properties has completed arrangements to procure guarantees of its 8 per cent unsecured loan stock 1989-94 by its principal operating subsidiaries.

This follows talks between Westminster and Alliance Assurance Company, the trustees of the loan stock, in connection with Westminster's sale of its residential property interests in April, 1978.

MINING NEWS

Impala Platinum on the crest of the wave

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Impala Platinum Holdings (formerly Bishopsgate Platinum), which is controlled by the General Mining-Union Corporation group, is riding the wave of new-found prosperity in platinum. Higher metal prices and increased sales are reflected in a buoyant net profit for the first four months of the company's changed financial year to June 30; previously it ran to August 31.

These earnings for the four months to December 31 last include those of the operating subsidiary for six months and amount to R26.3m (£15.4m). They compare with R15.8m for the six months to end-1977 and R33.4m for the 12 months to June 30, 1978.

The latest profit is arrived at after deducting royalties to the Bafokeng Tribe and the Government of Bophuthatswana of R3.66m under the terms of the cession to the operating company of its mining lease. Tax deducted on the latest occasion has risen to R18.5m from only R451,000 in the six months to December 31, 1977.

Impala is also declaring a second interim dividend of 6 cents (3.5p) which makes 10 cents for the current year to date. After adjusting for the share consolidation, payments for the year to August 31, 1978, consisted of three interims each of 4 cents and a final payment of 6.4 cents.

Impala's selling price for platinum, along with that charged by the rival Rustenburg, was last raised by $25 to $325 per ounce at the end of last month; it was $220 at June 30 last. Meanwhile, the price on the free market has advanced afresh to $417 while that of Impala's by-product nickel is firming.

Previously, Impala's planned production for the year to June 30 next was some 750,000 oz of platinum and associated metals. The company has now raised its output to an annual rate of 800,000 oz to meet increase requirements of automobile industry customers under their existing contracts.

The expansion has meant an increase in anticipated capital spending of some R4m to R22m. But clearly, Impala's profits are going to take a further stride forward in the second half, especially if there is another closing of the gap between the company's selling price and that obtaining on the free market. The shares were 214p yesterday.

GOLD OUTPUT EDGES UP

South African gold production edged up in January but did not depart from the output trend established in the final quarter of 1978, when production varied between 1.76m and 1.89m ounces.

The Chamber of Mines stated that last month production was 1,831,191 ounces, after a revised 1,769,154 ounces in December and 1,795,361 ounces in January, 1978. There is thus no movement away from the historically low level of output.

The recent high level of the bullion price—yesterday it closed at $248.375 an ounce—has removed some of the incentive for mining higher grade ore.

Productivity has generally been declining largely because of the shorter working week, and this appears to be the main reason for the continued low output. Certainly there has been no labour shortage, as there was two years ago. In January the mines were actually employing 2 per cent more black employees than their establishments indicated they needed.

ROUND-UP

Luipaardsvlei Estate and Gold Mining, the Gold Fields Property subsidiary, has concluded its deal with West Rand Consolidated, the General Mining uranium and gold producer, to sell the mining title of the farms Luipaardsvlei No. 246 and Witpoortjie No. 245 for R3m (£1.75m) and 25 per cent of the profits arising from the sale of any minerals. The sale of a limited amount of uranium from the property has already been arranged.

* * *

Vestgron Mines, which is controlled by Cominco, the Canadian minerals group, had 1978 net profits of C$3.7m (£1.5m) against C$5.7m the year before. Tax payments made by Greenex, the company's Greenland mining unit registered in Denmark, were the main factor in the lower net profits. Higher prices for lead and zinc boosted fourth-quarter earnings.

* * *

A minerals belt covering 590,000 sq km exists in the southern border areas of Yunnan, Szechwan and Tsinhai and offer good prospects for mining, according to Hsinhua, the official Chinese news agency. The size and grades of the deposits were not given, but the minerals mentioned included, *iron, copper, bauxite, lead, zinc* tin, mercury, antimony, tungsten, molybdenum, platinum and nickel.

* * *

Troops intervened in a strike at the Rosario Resources gold-silver mine in western Honduras and forced the abandonment of a week-long sit-in. A spokesman for the US company said the strike was illegal. Mr. Adalberto Discua, the Labour Minister, said the Government's intervention meant the parties would have to reach an understanding through dialogue.

* * *

Talks between Bow Valley Industries, Hollinger Mines and Labrador Mines on the proposed sale of a parcel of Bow Valley shares to Hollinger and Labrador have broken down, a joint statement said from Calgary.

Northgate on the mend?

CANADA'S Northgate Exploration, which has lead-zinc mining operations in Ireland together with exploration activities there and in Canada and Australia, reports a consolidated net profit for 1978 of C$458,000 (£192,000), or 7 cents per share, which compares with a loss of C$590,000 in 1977.

During the past year Northgate sustained an operating loss of C$666,000 because of uneconomic operations during the first half at the Tynagh mine and the stoppage in the second-half which resulted from a labour dispute there. However, the past year's non-operating income rose to C$2.7m, reflecting higher revenue from short-term investments with the result that the fourth quarter produced earnings of C$783,000.

The value of the company's stocks of lead-zinc concentrates rose last year in line with the rise in lead prices. The latter, together with the improvement which has developed in the market for zinc augurs well for the present year now that the strike at Tynagh has been settled. Shipments of concentrates were resumed early in January and regular production is expected to restart at the end of this month. Northgate shares were 400p yesterday.

PEKO-WALLSEND

Peko-Wallsend, the Australian metals producer, is to re-open its Tennant Creek copper smelter in the Northern Territory. The decision announced yesterday, was foreshadowed last week when it was pointed out that technical studies were in the final stage of assessment.

The smelter, which was shut down four years ago because of depressed prices will be modernised as part of a A$37.5m (£21.2m) programme financed from internal cash flow and bank loans.

The programme will also involve the continuing development of the Gecko property, which has never been mined. Peko's profits in the half-year to December were A$11.3m against A$10.1m in the same period of 1977. The shares in London yesterday were 480p.

BIDS and DEALS

Guinness tries again and WCB board accepts

For the third time in five years Arthur Guinness has made an offer for White Child and Beney, the materials handling and plastics group. And for the first time the offer is being recommended by the board.

Guinness already owns 67.12 per cent of the company as a result of the two earlier bids. It is now offering 200p in cash or one Guinness share plus 27p in cash for the minority.

White Child's shares were suspended at 108p yesterday morning but were relisted following the announcement and rose to 193p.

Guinness's shares yesterday stood at 157p, making the alternative offer worth 184p. In both cases shareholders will keep the final dividend of 3.5p for the year to last October.

The latest offer values the minority at £4.8m, exactly the same price as Guinness put on the whole company back in 1977 when its last bid was fiercely contested by White Child's board.

Now the board, and their families, intend to accept on behalf of their own 5.8 per cent stake.

Guinness has been advised by Samuel Montagu and White Child by Phillips and Drew.

NORTH STAKE CHANGES HANDS

Half of the 21.74 per cent share stake formerly held by Khalid al-Marzook in M. F. North, the hotel group, have been purchased by Abingworth which now holds 11.17 per cent.

A spokesman for North said that he did not know who had purchased the remainder of the shares but the company has had no talks recently with any third party.

NEW MOVE AT TRIDANT

The interdependent deals under which Argus Press is finally to take over Tridant Group Printers, have still not been completed.

Now a new scheme has been announced by which Starwest Investment, is to pay £375,000 for the legal and professional services side of Tridant. This covers three companies which made a trading loss of £5,000 last year on net tangible assets of £1.24m.

This deal replaces an earlier proposal whereby Starwest, the private company owned by the former chairman of Tridant, was to have bought seven Tridant companies for £850,000.

In order to go through the new deal must be approved by the minority shareholders excluding Argus and Starwest.

COOPERS (METALS) ACQUIRES MARPLE

Coopers (Metals), a member of the United Scrap (Holdings) division of London and Northern Group has acquired the capital of Marple and Gillott, the Sheffield-based scrap metal merchants.

The directors say the acquisition marks a further step in the consolidation of Coopers' position as one of the largest metal reclamation and processing groups in the UK.

BBG BOARD ADVISES HOLDERS TO APPROVE

The directors of Bank Bridge Group state in a letter to shareholders that if the proposed acquisition and disposals, outlined December 21, 1978, are not approved by shareholders, they do not see how BBG can continue in business.

While the ultimate financial position cannot be accurately forecast, it is possible that the settlement of its debts would absorb most, if not all, the assets of the group having regard to the circumstances in which the realisation would take place.

The directors cannot recommend payment of any dividend for the year to March 31, 1979.

It is proposed that the name of BBG be changed to Rock Darham. In December, Bank Bridge's shares were suspended pending the details of a series of disposals. These would result in all the subsidiaries being taken over by Mr. J. S. Reading, a director.

The change of name refers to the proposed injection of Rock Motor Parts, owned by Mr. and Mrs. J. A. Darham.

De Vere Hotels says no offers in sight

DIRECTORS of De Vere Hotels and Restaurants last night emphatically denied that the company had received an official bid approach and said they knew of no pending takeover offer.

Yesterday, the group's share price rose 42p to 248p following week-end press reports that the hotel group was expecting an offer to be made this week.

Mr. Alfred Harvey, a De Vere director said: "The group has not received any official bid approach and the board of directors is not aware of any pending bid. Press reports to the contrary have created totally the wrong impression."

Mr. Harvey and Mr. Leopold Muller, De Vere's chairman, together control 52 per cent of the group's shares.

The sharp share price increase, prompted by takeover speculation, disturbed both the Stock Exchange and the City Takeover Panel. A spokesman for the Panel said: "The situation is clearly unsatisfactory and we have asked De Vere to clarify its position."

The De Vere group, which includes the Royal Bath Hotel and the Grand Hotel at Bournemouth, has for some time been a subject for takeover speculation. At the beginning of this year the group's share price stood at 177p.

De Vere's net assets in the group's last balance sheet for the year ending December 31, 1977, are valued at 204p a share. But this figure is largely based upon 1972 valuations and the stock market estimates that the current net asset value is far in excess of this figure.

McKECHNIE BUYS T. I. ROLLO HARDY

Tube Investments has accepted an offer, subject to contract, and to clearance by the Office of Fair Trading, from McKechnie Brothers for the equity of T.I. Rollo Hardy, of Blaenrhondda, South Wales. The company produces welded stainless steel tube, so also does McKechnie's subsidiary, Stelco Stainless Tube and Section Company.

Both McKechnie and Tube Investments believe this deal offers the best prospects for strengthening the British producers position.

ACC BUYS MORE INTEREUROPEAN

Associated Communications Corporation has bought a further 50,000 Intereuropean Properties shares at 85p, giving ACC 54.83 per cent of Intereuropean's capital.

JOHN DRURY

B. A. Seaby has acquired the numismatic interests of John Drury, antiquarian bookseller of Colchester, which has made a speciality of numismatic books.

Norcros puts benefits to Johnson-Richards

THE battle between Armitage Shanks and Norcros for Johnson-Richards Tiles was carried a stage further yesterday in the documents accompanying the increased (147p) offer by Norcros.

In the document Mr. N. V. Sheffield, Norcros's chairman, says that the proposed merger between Armitage and Johnson-Richards—which is recommended by Johnson-Richards' board—is "unconvincing, holding little benefit for shareholders."

His own company's offer, on the other hand—which is being supported by Johnson Richards' largest shareholder, London Brick — would give Johnson-Richards access to larger markets both at home and abroad.

In particular Norcros thinks there would be an advantage in marketing its own Hygena fitted kitchens alongside Johnson-Richards' ceramic tiles, the DIY outlets could also be expanded alongside Norcros's Critall metal window and double glazing businesses.

Norcros is forecasting profits of £17m for the year to March which compares with £14.5m last year, and earnings of £9m (£8m). Dividends will also go up by the maximum permissible.

Mr. Sheffield also points out that opting for the Armitage Shanks' merger would tie shareholders to an untried company yet to be quoted on the market.

The documents also reveal that as at January 17 Norcros had cash balances of £15.8m compared with bank debt of £11.3m. Norcros had been buying Johnson-Richards shares in the market since December 18, but on January 19 it sold all that it had acquired in this way (90,000 shares) at 131p, compared with an average purchase price of 105p.

OIL AND GAS NEWS

Garoupa field moves into production

BY DIANA SMITH IN RIO DE JANEIRO

PETROBRAS'S problem-ridden Garoupa oilfield in the Campos basin has finally gone into production, 19 months after its original deadline.

Initial production is 1,500 barrels a day, from one of Garoupa's nine wells. This will rise shortly to 5,000 barrels and, within three or four months, the entire planned output of 45,000 barrels from the nine wells should be achieved.

The pioneer Lockheed production system, of a type previously used in shallower waters in the North Sea and the Gulf of Mexico, suffered from an assortment of technical teething troubles in the 130-metre deep and often rough Campos waters. Petrobras estimates that the cost of getting the Garoupa field on stream totalled $170m (£85m) in December, 1978.

Petrobras's production director, Sr. Jose Marques Neto, revealed last week that operational costs of the Garoupa system—$2½ a barrel for the first well—have encouraged Petrobras not to use this technology in future Campos fields.

Petrobras also announces that it has found natural gas at a depth of between 2,635 and 2,650 metres in the Jurua-2 well being drilled in the depths of the Amazon.

Last year, Jurua-1 well revealed both high-pressure natural gas and very light oil at a depth of 2,662 metres, after Petrobras succeeded in drilling through a 1,500-metres layer of very hard basalt.

Jurua-2 well is being drilled in an attempt to define the field; it lies 2.8 kilometres from the first well. A third well will be drilled in the area in the near future, about 10 kilometres away from the first pair.

* * *

In a submission to the Alberta Energy Board Amoco Canada said that Alberta's ultimate conventional natural gas reserves amount to over 190 trillion (million, million) cubic feet. With advances in technology an additional 190 trillion cubic feet could be added to the estimates.

The company said 80 trillion cubic feet has been already found, 41 to 51 trillion cubic feet will result from development and another 73 to 92 trillion cubic feet may be discovered from unexplored areas.

* * *

ANCAP, the Uruguayan State oil company announced last Friday that it was ending a six-month-old search for petroleum in Uruguay's Santa Lucia River valley after two wells there proved to be dry.

The decision means at least a temporary end to oil drilling in Uruguay. The company terminated offshore exploration in the Atlantic last November after three years, and no foreign company has drilled there since 1977.

* * *

Chevron Jambi and Texaco Jambi, subsidiaries respectively of Standard Oil of California and Texaco, have signed an agreement with Pertamina, the Indonesian State Oil company, to undertake exploration in Jambi Province, southern Sumatra.

The area to be explored is 5,785 square kilometres designated as Jambi Selatan Block B, situated west of the old Muara Senami and Betung oil fields. Seismic exploration will start in the near future.

* * *

Dome Petroleum, which is 26 per cent owned by Dome Mines, says that its discussions with Japanese companies, relating to possible participation in its Arctic Oil and Gas projects, are in a preliminary phase and that no agreements have been made.

In a statement Dome Petroleum stated "discussions have been held with a number of Japanese companies related to a wide range of potential business arrangements with Dome including the sale of natural gas liquids and joint arctic research programmes."

* * *

In a Canadian oil and gas earnings round-up John Soganich reports that 1978 profits of Aquitaine of Canada were C$40.9m (£17.1m) or $1.90 per share, against $36m or $1.67 a share in 1977. Revenue was $149.6m compared with $130.3m.

Canadian Homestead Oils made a 1978 profit of £3.3m, compared with $3.2m in 1977, with earnings per share of 50 cents in both years.

Profits at Norcen Energy Resources rose to $42.5m or $1.86 per share from $32.3m or $1.52 per share in 1977. Revenue improved to $775.2m from $646.6m.

Profits for 1978 from Westcoast Petroleum came out at $7.7m or $1.14 per share against $6.6m or $1.10 per share in the previous year. Revenue was 20 per cent higher at $26.2m.

Investors Capital prospects

The short term outlook in all major markets is uncertain, according to the directors of Edinburgh-based Investors Capital Trust.

Their view about short-term prospects is extremely guarded and the liquidity held at the year end is still considered "entirely appropriate," the chairman Mr. C. F. Sleigh says in his statement.

At November 30 fixed interest and temporary loans amounted to 16.1 per cent of total assets, against 7.7 per cent at November 1977.

Five years ago Investors Capital Trust, which now has net assets of £79m, outlined capital growth as its primary objective and placed a renewed emphasis on international investment as a means to that end.

Since then, Mr. Sleigh notes, the asset value has risen by 48 per cent while the dividend has been doubled over the same time.

In the latest year to November 1978, net asset value is shown as 97.7p (95.4p) while a final dividend of 1.3p has been declared, making a total of 2p (1.65p).

The report also shows that individuals and trustees accounted for 45.3 per cent of the ordinary shares.

Smith Wallis

Building industry activity in the home and export markets continued at rather a low level during the half-year to September 30, 1978, say the directors of Smith Wallis and Co. in their interim report.

As already announced the group's pre-tax profits for the period were unchanged at £136,516, against £136,659. The interim dividend is raised from 1p net per 25p share to 1.5p as a move towards greater equalisation with the final—2.4195p last year.

APPOINTMENTS

EEC adviser for Midland Bank

Lord Selsdon, at present a director of Samuel Montagu & Co., is to become adviser on EEC affairs to Midland Bank from the beginning of next month. Lord Selsdon will take up his new position within the Midland Bank International Division.

*

JAMES FINLAY AND COMPANY states that Mr. R. F. Monk has resigned from the company by mutual agreement to pursue his personal business interests. He is also resigning from all Finlay group subsidiary and associated companies but he will remain for the time being as chairman of Provincial Cities Trust, a listed investment trust which is an associate of James Finlay and Company and which is managed by its banking subsidiary.

*

Mr. David Woolmer has been appointed deputy managing director of TREETEX ACOUSTICS.

*

In a re-organisation of European, African and Middle East responsibilities, RAYMOND INTERNATIONAL (UK) has appointed Mr. John H. Browning as managing director in succession to Mr. Alvan Gustafson. Mr. Ray Hookham is now managing for marine construction and special projects and area manager for the UK and Mr. Richard Stackpole is area manager for English-speaking Africa and the Gulf. Mr. Edwin Draper becomes area manager for Europe and French-speaking Africa, and Mr. Robert Harris, district manager for the Gulf.

*

Mr. David Smart, commercial director of Glaxo Holdings, has been elected president of the ASSOCIATION OF THE BRITISH PHARMACEUTICAL INDUSTRY and will take office on April 27, succeeding Mr. Frank Goulding.

*

Mr. H. L. Jackson, director of manufacturing, has become personnel and administration director of the car division of ROLLS-ROYCE MOTORS. Mr. R. Ashley has been made director of manufacturing and takes over responsibility for the manufacture of cars and all other products within the car division.

*

As a part of its expansion plans, IML AIR SERVICES' owner and group managing director Mr. Andrew Walters will head a new European operation. Mr. Nicholas Pearson succeeds him as group managing director. Mr. Pearson also becomes chairman of the Board of IML Air Services (Int.). Other appointments to the Board of IML Air Services (Int.) are: Mr. Mike Bugle, group cargo director, Mr. Kit Chambers, group services director, Mr. Peter Humby, group sales and marketing director, Mr. William Nation, group courier services director and Mr. Keith Pracy, financial director.

*

Following the acquisition of Schwarz Services International of the U.S. by the British-owned Brent Chemicals International Group Mr. Cyril Aberdein has been appointed president of SCHWARZ. He also becomes chief executive of the BEVERAGE GROUP which includes Savilles and Schwarz. Mr. Daniel Beasley has been elected executive vice-president of Schwarz and Mr. Leo Bernstein becomes technical vice-president. Mr. Mel Ford has been made managing director, Savilles Hydrological Corporation.

*

Mr. Keith Brauer has been appointed president of the INSTITUTE OF SALES MANAGEMENT in succession to Viscount Southwell. He will also be chairman of the Institute's presidium, its central advisory council. Mr. Monty Hiller becomes the first senate chairman, while Mr. Ron Black is elected director general and Mr. John Korving is made director of education.

*

Mr. Geoff Pickering has been appointed works director designate at CHARLES CLIFFORD.

*

Mr. Geoffrey Hilton, marketing director of Agricultural Press, will relinquish that appointment on June 1 to become editorial director of IPC BUSINESS PRESS, following the retirement of Mr. John Harris. On April 1 he will also join the Board of IPC Science and Technology Press. At the same time Mr. Alastair Strathearn becomes deputy editorial director of IPC Business Press. Mr. George Fowkes, chairman and managing director of IPC Transport Press and chairman of IPC Industrial Press, has also been appointed chairman of IPC Electrical-Electronic Press. Mr. John Eckersley, IPC Business Press marketing and planning director, has been additionally appointed chairman of ABC Travel Guides.

*

Mr. J. F. Goulding, group managing director of Hopkinsons Holdings, has been appointed chairman and Mr. P. K. Thomas deputy managing director of its subsidiary HOPKINSONS LIMITED, following the resignation of Mr. W. R. Pickering from his directorships in the Hopkinsons Holdings group of companies.

*

Mr. Donald Payne has been appointed assistant general manager (staff) of BARCLAYS BANK INTERNATIONAL from March 20. He is at present assistant general manager responsible for BBI's operations in the Far East and Australasia. Mr. Alan Mitchell, assistant general manager Africa, succeeds him.

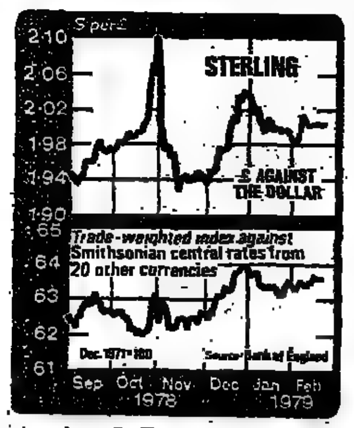
*

Mr. H. Vanderheyden, a technical director of the Belgian subsidiary, Em. D'Hooge N.V., has been appointed a director of NEIL AND SPENCER HOLDINGS. Mr. J. P. Spencer has retired from the Board.

CURRENCIES, MONEY and GOLD

Dollar steady in quiet trading

The dollar closed around its best levels of the day in very quiet trading, with New York closed for Washington's birthday. The conflict between China and Vietnam had little or no influence on the market. The D-mark moved within a narrow range of DM 1.8475 and DM 1.8570, before closing at DM 1.8555, compared with DM 1.8540 on Friday. The dollar also showed little change in terms of the Swiss franc, trading between SwFr 1.6670 and SwFr 1.6740. It closed at SwFr 1.6710, compared with SWFr 1.6745 before the weekend.



The dollar's movements against the Japanese yen were limited to a range of Y200.10 and Y200.80, before finishing at Y200.50, against Y200.55 on Friday.

The overall demand for the dollar was probably a reflection of short covering of positions in a very thin market.

Sterling was quite firm. It touched a best level of $2.0070-2.0080 in the morning, and eased to $2.0040 at noon. In the afternoon the pound fell to a low point of $2.0010-2.0020, and closed at $2.0025-2.0035, unchanged on the day. Sterling's trade-weighted index, as calculated by the Bank of England, was unchanged at 63.6, after standing at 63.7 at noon and in early trading.

PARIS—The dollar remained firm without any apparent central bank support, but the market was very thin in the absence of U.S. operators. At the close the dollar was FFr 4.28 against the French franc, compared with FFr 4.27 during the morning, and FFr 4.2750 in late trading on Friday. Sterling rose against the dollar in the morning, but eased back later. The pound touched FFr 8.5850 in terms of the franc, but eased to its opening level of FFr 8.5700. The French franc also showed little change against the D-mark and Swiss franc. The German currency closed at FFr 2.3067, compared with FFr 2.3075 in early trading, and FFr 2.3065 late Friday, while the Swiss franc finished at FFr 2.5571, against FFr 2.5580 in the morning, and FFr 2.5632½ Friday.

FRANKFURT — The dollar showed little change at yesterday's fixing, at DM 1.8543 against the D-mark, compared with DM 1.8544 on Friday. This was the highest level touched during the morning. The U.S. currency opened at DM 1.8510, and fell to a low point of DM 1.8483, with trading remaining within a narrow range. The China-Vietnam conflict was seen as limited action, which was not expected to trigger wider action.

AMSTERDAM — The dollar eased to Fl 2.0045 in late trading, after being fixed at Fl 2.0050 against the guilder, compared with Fl 2.0045 on Friday.

MILAN—The dollar recovered some early lost ground at the fixing, improving to L840.45 against the lira, from L839.25 in the morning, and little changed from Friday's level of L840.55. The Bank of Italy was a net seller of dollars. The Swiss franc rose slightly to L503.14, while the D-mark was steady at L453.10.

TOKYO — The dollar eased slightly, closing at Y200.40 against the yen, compared with Y200.50 at the opening and Y200.45 at the close on Friday. Trading was moderate, with dollar buying for import settlements offsetting selling by foreign banks.

THE POUND SPOT FORWARD AGAINST £

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0010-2.0080	2.0025-2.0035	0.48-0.38c pm	2.58	1.25-1.15c	2.42
Canada	2.3915-2.3970	2.3930-2.3940	0.52-0.42c pm	2.36	1.55-1.45c	2.51
Nethlnd.	4.00½-4.03½	4.01-4.02	2⅜-1⅜c pm	5.60	7-6c	6.40
Belgium	58.45-58.75	58.55-58.65	30-20c pm	5.12	80-70c	5.10
Denmark	10.28½-10.31½	10.29¼-10.30¼	1ore pm-1ore dis	par	½ore-1½ore	−0.19
W. Ger.	3.70-3.73	3.71½-3.72½	3⅛-2⅛pf pm	8.48	9-8pf	9.36
Portugal	94.60-95.30	94.80-95.20	30-100c dis	−8.21	20-200c	−5.05
Spain	138.25-138.55	138.40-138.50	20c pm-30c dis	−0.43	25c-75c	−0.71
Italy	1,681-1,686	1,681½-1,682½	1½lire pm-½lire dis	0.36	3½-1½lire	0.71
Norway	10.19-10.22	10.19¾-10.20¾	4⅜-2⅜ore pm	4.41	12½-10½ore	6.37
France	8.56-8.59½	8.56½-8.57½	4⅛-3⅜c pm	4.98	11¼-10¼c	5.20
Sweden	8.73-8.76	8.74-8.75	4-2ore pm	4.19	10¾-8¾ore	4.87
Japan	397-407	401-403	3.25-2.95y pm	9.04	9.50-9.20y	9.08
Austria	27.12-27.27	27.17-27.22	22-12gro pm	7.50	62-52gro	8.30
Switz.	3.33½-3.36½	3.34½-3.35½	3⅜-2⅜c pm	12.07	11-10c	12.60

Belgium rate is for convertible francs. Financial franc 59.55-59.65. Six-month forward dollar 2.23-2.13c pm; 12-month 4.40-4.30c pm

THE DOLLAR SPOT AND FORWARD

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0010-2.0080	2.0025-2.0035	0.48-0.38c pm	2.58	1.25-1.15c	2.40
Ireland	2.0010-2.0080	2.0025-2.0035	0.48-0.38c pm	2.58	1.25-1.15c	2.40
Canada	83.67-83.77	83.67-83.70	0.30c dis-par	−0.23	1c-2c	0.07
Nethlnd.	2.0000-2.0050	2.0030-2.0050	0.61-0.56c pm	3.73	2.14-2.09c	4.27
Belgium	29.16-29.25	29.23-29.26	7-6c pm	2.91	22-20½c	2.89
Denmark	5.1320-5.1450	5.1415-5.1440	0.75-1.25ore dis	−2.88	[illegible]	[illegible]
W. Ger.	1.8500-1.8580	1.8550-1.8560	1.01-0.96pf pm	6.81	3.18-3.13pf	6.89
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† U.S. cents per Canadian $.

CURRENCY RATES

February 19	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]	[illegible]
Spanish Pes.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

February 19	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 19	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	9.6075-9.6275	4.7960-4.8000	Italy	1,650-1,700
Iran Rial	148.2-158.2	74-79	Japan	398-408
Kuwait Dinar (KD)	0.545-0.555	0.2721-0.2771	Netherlands	3.95-4.05
Luxembourg Frc.	58.55-58.65	29.23-29.28	Norway	10.15-10.25
Malaysia Dollar	4.3925-4.4050	2.1925-2.1940	Portugal	90-97
New Zealand Dlr.	1.8960-1.9020	0.9466-0.9496	Spain	139.50-144.50
Saudi Arab. Riyal	6.69-6.79	3.3400-3.3900	Switzerland	3.30-3.40
Singapore Dollar	4.3400-4.3525	2.1675-2.1690	United States	2.0000-2.0100
Sth. African Rand	1.7022-1.7252	0.8499-0.8613	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on February 19, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* That part of the French community in Africa formerly of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports. ¶ Based on cross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions, except countries having a bilateral agreement with Egypt, and are not memb ers of IMF.

EXCHANGE CROSS RATES

Feb. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.003	3.720	403.0	8.570	3.350	4.018	1682.	2.394	58.60
U.S. Dollar	0.499	1.	1.857	200.7	4.279	1.672	2.004	839.7	1.195	29.25
Deutsche mark	0.269	0.539	1.	108.1	2.304	0.901	1.079	452.2	0.643	15.75
Japanese Yen 1,000	2.488	4.985	9.264	1000.	21.32	8.333	9.988	4184.	5.954	145.8
French Franc 10	1.167	2.337	4.341	469.1	10	3.909	4.685	1965.	2.793	68.38
Swiss Franc	0.299	0.598	1.110	120.0	2.558	1.	1.199	502.1	0.714	17.49
Dutch Guilder	0.249	0.499	0.927	100.1	2.134	0.834	1.	418.9	0.595	14.60
Italian Lira 1,000	0.595	1.191	2.212	239.0	5.095	1.992	2.387	1000.	1.423	34.84
Canadian Dollar	0.418	0.837	1.554	168.0	3.581	1.400	1.677	702.7	1.	24.48
Belgian Franc 100	1.706	3.418	6.348	686.0	14.62	5.717	6.852	2870.	4.084	100.

EURO-CURRENCY INTEREST RATES

Feb. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12⅛-12¾	10⅛-10⅜	8¾-9¾	7¼-7½	par-⅛	3⅜-3½	6½-7	7-10	—	1⅛-6⅞
7 day's notice	12¾-13	10¼-10⅜	8¾-9¾	7½-7½	par-⅛	3⅜-3½	6⅞-7⅛	10-11	10⅛-10⅛	3⅛-4⅛
Month	13⅛-13¼	10⅜-10⅝	10⅝-11	6⅜-6⅝	par-⅛	3⅜-3⅝	7¼-7½	12¾-13¾	10⅛-10⅛	3⅞-4⅛
Three months	13-13⅛	10⅞-10⅞	10⅝-11	6⅜-6⅝	⅛-¼	3⅞-3⅞	8¼-8⅛	13-14	10⅞-11	3⅞-3⅞
Six months	12¾-13⅛	11-11¼	10⅝-11	6⅛-6⅜	⅛-⅜	4⅛-4⅜	8⅝-8¾	13⅛-14⅛	11⅛-11¼	3⅞-4⅛
One year	12¼-12⅞	10⅞-11⅛	10⅝-11	6¾-7	⅛-⅜	4⅜-4⅛	9⅛-9⅜	13¾-14¼	11⅛-11⅛	3⅞-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.60-10.70 per cent; six months 10.95-11.05 per cent; one year 10.90-11.00 per cent.

Long-term Eurodollar deposits: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian short-term rates cut

Short-term rates on Belgian Treasury Certificates were cut yesterday, with one-month falling to 7.75 per cent from 8 per cent; two-month to 8 per cent from 8.25 per cent; and three-month to 8.15 per cent from 8.50 per cent.

The previous time that the Belgian National Bank reduced the interest rates on Treasury Certificates was on January 29, and this was followed by an easing of credit conditions on January 31. So far this year the authorities have reduced central bank lending rates twice, and cut the rates on Treasury certificates three times, from levels of 8.75 per cent for one-month; and 9 per cent for two-month at the beginning of the year.

In Brussels yesterday call money eased to 5 per cent from 5.15 per cent.

FRANKFURT — Call money eased to 3.6-3.7 per cent from 3.7-3.8 per cent. One-month funds also fell to 3.7-3.8 per cent from 3.8-3.9 per cent, but other period rates were unchanged, with three-month at 4.1-4.2 per cent; six-month at 4.2-4.3 per cent; and 12-month at 4.7-4.9 per cent.

PARIS—Day-to-day money was unchanged at 7 per cent, and period rates were also steady, with one-month at 6⅞-6⅞ per cent; three-month 6⅞-7 per cent; six-month 7⅛-7⅜ per cent; and 12-month 7⅜-7⅝ per cent.

AMSTERDAM — Call money was unchanged at 7⅞-8 per cent. One-month was quoted at 7⅝-7⅞ per cent, compared with 7½-7¾ per cent; three-month at 7½-7 per cent against 7⅝-7½ per cent; and six-month at 7⅛-7⅜ per cent compared with 7⅛-7½ per cent.

MILAN — Interest rates were unchanged at 10½-10⅞ per cent for call; 11⅜-11⅝ per cent for one-month; 11½-11¾ per cent for two-month; and 11⅝-11⅞ per cent for three-month.

SINGAPORE — The Development Bank of Singapore raised its prime lending rate to 7.75 per cent from 7.5 per cent, following a similar rise of ¼ per cent on January 8. The Bank of America also raised its prime rate, by ¼ per cent to 8¼ per cent, as did Citibank, while Barclays Bank International's prime rate increased by ¼ per cent to 8½ per cent. Chemical Bank cut its prime rate by ¼ per cent to 8½ per cent, and Marine Midland by ¼ per cent to 8½ per cent.

HONG KONG — The money market was easy, with call money at 8 per cent, and overnight at 6½ per cent.

GOLD

Slight rise

Gold rose $2 to close at $248-$248¾. It opened at $250½-251¼, and was fixed at $249.60 in the morning, and $248.10 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 33,900 per kilo ($246.18 per ounce) in the afternoon, compared with FFr 34,000 ($247.58) in the morning, and FFr 33,400 ($242.90) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,885 per kilo ($249.99 per ounce) compared with DM 14,650 ($245.79) previously.

	February 19	February 16
Gold Bullion (fine ounce)		
Close	$248-248¾	$246-246¾
Opening	$250½-251¼	$246-246¾
Morning fixing	$249.60 (£124.470)	$245.95 (£122.730)
Afternoon fixing	$248.10 (£123.852)	$247.05 (£123.278)
Gold Coins, domestically		
Krugerrand	$256½-290½ (£145-145)	$282¼-286¼ (£141-143)
New Sovereigns	$70-72 (£38½-33¼)	$69-71 (£34½-35½)
Old Sovereigns	$71½-73½ (£35½-36½)	$71-73 (£35½-36½)
Gold Coins, internationally		
Krugerrand	$255-257 (£127½-128½)	$253½-255½ (£126½-127½)
New Sovereigns	$64½-66½ (£32½-33¼)	$64-66 (£32-33)
Old Sovereigns	$71½-73½ (£35½-36½)	$71-73 (£35½-36½)
$20 Eagles	$315-320	$306-311
$10 Eagles	$174-179	$176-181
$5 Eagles	$120-125	$119-124

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a large amount of Treasury bills to the discount houses and banks.

Bank balances were a fairly long way below target, repayment was made of very large market advances, and there was also an excess of revenue payments to the Exchequer over Government disbursements. These were outweighed by a moderate number of net maturing Treasury bills, and the temporary release of 2 per cent special deposits, amounting to £890m.

Discount houses paid up to 12¾ per cent for secured call loans but rates eased to 12 per cent during the morning, and closed at 11-11¼ per cent.

In the interbank market overnight rates touched an early high of 13¼ per cent, before falling to 10½ per cent at the close.

LONDON MONEY RATES

Feb. 19 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10½-13¼	—	—	—	12⅝	13-14	—	—	—
2 days notice	—	—	13⅛-13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	13¼	—	—	—	—
7 days notice	—	12¾-13	13¼-13⅛	—	13⅛	13⅛	13	—	—	—
One month	13⅜-13¼	13⅛-13⅛	13-13⅛	13⅝-13⅝	13½	—	13	12½	13⅛	13⅝
Two months	13⅛-13⅛	13⅛-13⅛	—	12⅞-13¼	13⅛	13⅝	13	12⅝	12⅞	13⅝
Three months	13-12⅞	13-13⅛	13⅜	12⅝-13	13½	—	12⅞	12⅛-13⅛	12¾	13⅝
Six months	12½-12⅝	12⅞-12⅞	13⅛-13¼	12½-12⅞	13¼	—	—	—	12⅜	14
Nine months	12⅝-12½	12⅞-12⅞	—	12⅝-13	13⅛	—	—	—	—	—
One year	12⅝-12½	12⅝-12¾	12⅞-13	12⅝-13	13	—	—	—	—	—
Two years	—	—	13⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 13⅛-13¾ per cent; four years 13⅛-13¾ per cent; five years 13½-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞-12⅞ per cent; four-month trade bills 13¾ per cent.

Approximate selling rates for one-month Treasury bills 12½-12⅞ per cent; two-month 12⅞ per cent; three months 12⅞ per cent. Approximate selling rate for one-month bank bills 12⅞-13⅛ per cent; two-month 12⅞-12⅞ per cent; and three-month 12⅞-12¾ per cent; one-month trade bills 13½ per cent; two-month 13½ per cent; and three-month 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.7002 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.28
Treasury Bills (26-week)	9.37

GERMANY

Discount Rate	3
Overnight Rate	3.65
One month	3.75
Three months	4.15
Six months	4.25

FRANCE

Discount Rate	9.5
Overnight Rate	7
One month	6.8125
Three months	6.9375
Six months	7.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

THE WILSON INQUIRY INTO FINANCIAL INSTITUTIONS BY RICHARD LAMBERT

A catalyst for change in the insurance industry

WHATEVER else it may do, the Wilson Committee to review the functioning of financial institutions already has one credit to its name. By forcing the big City bodies to reconsider their role in the economy, it has helped to bring out into open debate issues which in the past would have been confined to a handful of board rooms.

That is certainly the view of Mr. Ron Peet, chairman of the British Insurance Association, whose latest chunk of evidence to the Wilson Committee—along with that of the other insurance company associations—was published on Friday.

"A few years ago, the hope was that if you said nothing about a problem it would go away," says Mr. Peet. "Now we have started to take a much more positive line."

No business

This process of self examination has modified a number of traditional ideas in the insurance industry. In the early days of the inquiry, there was a strong body of opinion among members of the BIA that the financial institutions had no business to interfere with the management of companies in which they were invested.

"Now," says Mr. Peet, "we have moved quite a long way from that position. We recognise that we cannot collectively opt out of the system. Our future is bound up with the prospects of the industries in which we invest."

Mr. Peet is anxious not to create exaggerated expectations of what might flow from this change of emphasis. But, as he told the Wilson Committee, there "is a feeling that as insurance companies we really ought to seek to get a lot closer to the industry in which we invest and monitor the results on which we depend. So we have been deliberately seeking to extend our contact at chairman and executive level between insurance companies and industrial companies."

The BIA has written to its members suggesting that they take steps at senior levels to improve their contacts with industry. And this seems to be happening. The Legal and General, of which Mr. Peet is chief executive, each year draws up a list of the companies it wants to visit. "What we say is: we want you to know we are here, and ready to help if you want us."

That may sound bland. But Mr. Peet also has experience of rather sharper contacts with industrial companies. It was a public statement from Legal and General which helped to trigger the Distillers Company's settlement with the thalidomide victims.

On a similar theme, the BIA and the other insurance associations are currently considering the role of non-executive directors in management, and will shortly be issuing a paper on the subject. They are not likely to support the statutory appointment of such executives. But Mr. Peet believes that investors should encourage companies to adopt this policy voluntarily.

A more outward looking stance is evident in other areas of the insurance companies' investment activities. For instance, allegations of investment strikes by the big City institutions are not going to go unanswered. Mr. Peet argues that the best course for the City institutions is to make their role understood at a time when there is no immediate crisis, rather than when nerves are frayed and tempers running high.

The BIA has taken a number of steps in this direction since last summer, when the so-called gilt edged strike brought the Government and the City into direct confrontation and ultimately forced the Government to change its economic policies. It has produced an explanatory brief of the insurance companies' role as investors. And it is attempting to establish rather more regular links with the central financial authorities than have existed in the past.

Terry Kirk

Mr. Ron Peet—the chairman of the British Insurance Association—"we really ought to seek to get a lot closer to the industry in which we invest . . ."

"We have now started what we hope will be regular meetings with the Bank of England," Mr. Peet explains. The idea is to generate a totally informal exchange of views, so that each side fully understands the other's position.

Although the Wilson inquiry has been a catalyst for change in some areas, the insurance companies' position on other issues remains absolutely unchanged.

"The nationalisation threat is dormant at the moment, although it could always raise its head again," thinks Mr. Peet. "Direction of investment is the most critical issue which we have to face at present."

"In many ways we see the country standing at the crossroads. The critical question is whether we can make a success of the mixed economy. Direction of investment would be a nail in the coffin of this objective."

Mr. Peet dismisses the TUC's proposals to Wilson for a government-backed fund financed by the institutions as a set of half baked and ill thought out notions. And he cites the example of Australia, where there is a requirement for insurance companies and pension funds to put 30 per cent of their funds into government and semi-government stock.

As he told the Wilson inquiry, "The result has been precisely that, no more and no less. In practice what they do is hold something slightly above 30 per cent—31 per cent or 32 per cent—which still gives them the option of withholding funds from any particular government loan if they want to. So the government is under the same discipline of getting its terms right. We think that such direction is counterproductive and unnecessary."

Is the growth of the large institutional fund threatening the efficiency of the capital market? Mr. Peet takes issue with the Stock Exchange's suggestion that this trend is responsible for a dangerous level of volatility in share prices. He refers to "the dispersion of decision making" among thousands of investment managers around the country, and says that volatility in stock markets is the result of instability in the outside world rather than of any collusion among investors.

He also suggests that the Stock Exchange is guilty of wishful thinking when it mourns the passing of the small investor. "It is part of the economics of our time. The private investor who wants to deal in 100 shares at a time is just not on any more."

The insurance companies recognise that their growing importance as a savings medium is at least partly to do with the favourable tax status which they enjoy. Mr. Peet would not oppose similar tax concessions being extended to other types of investment — provided they were long-term savings contracts. It would not be sensible, he thinks, to grant tax benefits to someone who just buys a block of shares.

Although the Wilson inquiry has focused attention on the insurance companies as investors, Mr. Peet emphasises that this is not their prime job. "Our first function is to provide a range of high-quality insurance services in the UK. Our second is to compete abroad, and make a positive contribution to the UK economy by earning foreign currency. Our third role, as investors, is a derivative of the first two, and depends entirely on our success in those areas."

Consolidated Plantations Limited

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1978

In addition to the effects of the strong commodity prices achieved in the period the results reflect the normal agricultural pattern in that production achieved in the first half of the year was significantly greater than that expected for the second half. The Directors have decided to adjust the relationship between the Interim and Final Dividends in recognition of this pattern and have declared an Interim Dividend of 15% gross (1977/78 8.75%) which will be paid, less Malaysian Income Tax, on 16th April 1979, to shareholders registered at the close of business on 16th March 1979.

Barring unforeseen circumstances, the Directors expect to be able to recommend a Final Dividend of not less than 15% gross, (1977/78 21.25%), thus maintaining Total Dividend payout at 30% gross.

SUMMARY OF CONSOLIDATED RESULTS

	Six months to 31st December 1978 M$'000	Six months to 31st December 1977 M$'000	Year to 30th June 1978 M$'000
TURNOVER	117,698	94,227	177,302
PROFIT BEFORE TAXATION	52,941	38,926	66,822
PROFIT ATTRIBUTABLE TO CONSOLIDATED PLANTATIONS LIMITED	29,470	21,420	36,760
Rate of dividends—gross	Interim 15%	Interim 8.75%	Total 30%
AVERAGE SELLING PRICES:	M$	M$	M$
Palm Oil (per ton f.o.b. —net of Duty)	978	800	863
Palm Kernel (per ton ex-mill)	716	518	571
FFB (per ton ex-estate)	191	155	168
Rubber (per kilo f.o.b. —net of Duty)	1.85	1.72	1.76
Cocoa (per lb. f.o.b.)	3.34	1.99	2.97

By Order of the Board
WONG TET ONN
Secretary

Kuala Lumpur
19th February 1979

Copies of the full Interim Report sent to shareholders may be obtained on request from The Secretary, Consolidated Plantations Limited, President House, Jalan Imbi, Kuala Lumpur, Malaysia.

GOLD FIELDS PROPERTY COMPANY LIMITED

(Incorporated in the Republic of South Africa)

THE LUIPAARDSVLEI ESTATE AND GOLD MINING COMPANY LIMITED "LVE"

(Incorporated in the United Kingdom)
(A wholly-owned subsidiary of Gold Fields Property Company Limited)

and

WEST RAND CONSOLIDATED MINES LIMITED "WRC"

(Incorporated in the Republic of South Africa)

Following the announcement made to shareholders on 12 October 1978, the boards of directors of LVE and WRC jointly announce that an agreement has now been concluded in terms of which the mining title held by LVE over the farms Luipaardsvlei No. 246 IQ and Witpoortjie No. 245 IQ in the district of Krugersdorp has been sold to WRC. The terms of the agreement can be summarised as follows:

(i) LVE will retain its freehold property together with all improvements thereon.

(ii) LVE's rights in or to any existing dumps situated on the property shall not be affected by the sale.

(iii) In consideration of the rights sold, WRC shall pay LVE the sum of R3.0 million within 30 days from 16 February 1979 and one-quarter of all profits arising from the sale of minerals mined from the area acquired in terms of the agreement. The board of LVE has decided that the amount of R3.0 million will be retained and will not be distributed by way of dividend.

(iv) As previously announced capital expenditure will be required to open up the mining area. The expenditure of additional capital for the further improvement of profitability will be considered as required.

An agreement for the sale of a limited amount of uranium at a satisfactory price has already been negotiated to the satisfaction of both WRC and LVE.

Johannesburg
19 February 1979

COMPANY NOTICES

CITY OF HELSINKI

10% 1975/1983 UA 18,000,000

Notice is hereby given to Bondholders that, during the twelve-month period ending January 30, 1979, no Bonds have been purchased.

Outstanding Amount: UA 18,000,000

Luxembourg, February 20, 1979.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS TERMINAL SERVICE CHARGES IN CANADA

The member lines of the above conferences operating services between the U.K., Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports wish to advise shippers and importers that consequent upon an announcement by the National Harbours Board of increases in wharfage charges in Canada it is necessary to reflect these third party increases in the terminal service charges applicable in Canada.

Accordingly, with effect from 1st March 1979 the charges applicable to westbound house-to-house and pier-to-house and eastbound house-to-house and house-to-pier containers will be increased by Dlrs.1.50 per 20ft container and Dlrs.2.00 per container exceeding 20 ft. in length.

For your ready reference, the new charges will be as follows:—

Containers 20 ft. in length—
Dlrs.83.00 per container
Containers in excess of 20 ft. in length
Dlrs.127.00 per container

The increases in wharfage charges will also affect westbound house-to-pier and pier-to-pier and eastbound pier-to-house and pier-to-pier traffic and details of the revised charges applicable thereto may be obtained from any of the members of the above conferences.

ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE COMPANY LTD.
HAPAG-LLOYD A.G
MANCHESTER LINERS LTD. } Joint
GOLDEN CROSS LINE LTD. } membership
ERNST RUSS (WESTBOUND ONLY).

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD., Secretaries.
Cunard Building,
Liverpool L3 1DS.
20th February, 1979.

JUSCO CO. LTD.

At a meeting of the Board of Directors of the above Company held on 10th January, 1979, it was resolved that a free distribution of fully paid shares of common stock to shareholders on the register of shareholders as at 20th February 1979 be made on the basis of one new share for every ten shares then held.

The Depositary Shares of the Company evidenced by European Depositary Receipts ("EDRs") will, subject to the fulfilment of all necessary legal requirements in Japan, participate in this distribution through the issue of new EDRs. One Depositary Share is equivalent to ten shares of common stock of the Company, and new EDRs can be issued only in multiples of ten depositary shares. Accordingly any shares representing fractions of ten Depositary Shares will be sold and the proceeds distributed to the persons entitled thereto.

Holders of EDRs are advised that in order to claim their entitlement pursuant to the free share distribution coupon number 5 should be lodged as soon as possible after 20th February 1979 at the offices of either:—

Hill Samuel & Co. Limited,
45 Beech Street,
London, EC2P 2LX.

Kredietbank Luxembourgeoise S.A.,
43 Boulevard Royal,
Luxembourg.

RANSOMES SIMS & JEFFERIES LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Register for the Preference Shares will be CLOSED from the 24th February to the 9th March 1979, both dates inclusive, for the preparation of dividend warrants.

By Order of the Board,
L. W. BRYANT, Secretary.
Nacton Works,
Ipswich.

LEGAL NOTICE

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of

No. 00456 of 1979
CLARKE'S EMPLOYMENT AGENCY LIMITED
No. 00469 of 1979
SAFFRON HAIR DESIGN LIMITED
and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 12th day of February 1979, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of March 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41, Mark Lane,
London, EC3R 7HE.
Solicitors to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named, notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 16th day of March 1979.

PUBLIC NOTICES

GREATER LONDON BILLS

£35m Bills, issued 15.2.79, maturing 17.5.79 at 13.0546%. Total applications £151.5m. Bills outstanding £60m.

Swiss Volksbank plans reduction in dividend

BY JOHN WICKS IN ZURICH

SWITZERLAND'S fourth largest commercial bank, Swiss Volksbank, plans to cuts its dividend after a drop in net profits from SwFr 55.5m to SwFr 52.3m ($31.2m).

The reduction, the first to be announced by a major Swiss bank for 1978, brings the payment down to 14 per cent a share from 16 per cent. Gross profits of the bank fell from SwFr 77.5m from SwFr 72.4m ($43.2m).

The bank's board nevertheless intends payment of an unchanged total of SwFr15m to reserves. This transfer, which substantially exceeds statutory requirements, is being kept at the 1977 level, the managing director, Dr. Hans Frey, told a Press conference, "in view of the current economic situation and the rather uncertain prospects."

The fall in profits is attributed mainly to a narrowing of interest margins and a drop in stock exchange earnings due to the temporary restrictions of non-resident investments in Swiss franc securities. Expansion of operations also necessitated 200 new jobs.

Business grew at expected rates both at home and abroad. Volksbank's balance sheet total rose from SwFr 12.1bn to a new record of SwFr 12.9bn. This was made possible by a rise in total advances and loans from SwFr 9.44bn to SwFr 10.33bn. Although the weak general economic situation led to stagnation in the commercial loan sector, continuing demand from house buyers brought about a 16.5 per cent jump in mortgages to SwFr 4.54bn. On the passive side of the balance sheet, there was a sharp and intentional decline in inter-bank business by 41.7 per cent to SwFr 337.1m, while total deposits rose from SwFr 10.37bn to SwFr 11.33bn.

Overall earnings in the profit-and-loss account were up by 0.9 per cent to SwFr 699.1m. Income from securities increased sharply, by 18 per cent to SwFr 28.9m, while the total for interest received went up 1.8 per cent to SwFr 493.3m. All other earnings eased in comparison with 1977. Income from bills discounted and money-market paper declined by 16.3 per cent to SwFr 17m, commission income by 0.6 per cent to SwFr 110.3m and earnings from foreign exchange and precious metal trading by 6.7 per cent to SwFr 33.6m.

For 1979, the bank foresees a rise in the balance sheet total of about SwFr 700-800m. An increase in capital, currently SwFr 300m, may prove necessary, said deputy managing director Dr. Walter Reinhard, but not in the first half of this year and perhaps not until 1980. As for dividend prospects, Dr. Frey indicated that no increase was likely for 1979 over last year's 14 per cent.

Call for probe into role of Eurobanks

THE HAGUE—Techniques of balance sheet consolidation for international banks should be improved in order to find out whether the Eurocurrency market is harmful to international monetary stability, says Dr. Jelle Zijlstra, president of the Bank for International Settlements. After a meeting of central bankers in Basle the Dutch Central Bank president gave an appraisal of discussions underway on the issue of Euromarket regulation.

Dr. Zijlstra said that "there might be a case for regulation" of the Eurocurrency market if it could be proved that an amount of international credit had been created that would not have existed in the absence of such a market.

Discussions among the central bankers were in a "preliminary stage" on the issue of regulation, he added. So far there was only agreement that "we do not know enough" about the credit-creating activities of this market, nor about the operations of international banks' offshore subsidiaries.

Differences of opinion persisted as to whether the Eurocurrency market was a "separate" engine for international inflation or whether increases in global spending power would have taken place.

"My personal point of view," Dr. Zijlstra said, "is that what you might call the technique of consolidation should be intensified, improved." This method of reporting for banks was "well-advanced in the Netherlands, close to zero in other countries and somewhere in between elsewhere."

German monetary authorities were known to be discussing ways to bring the Luxembourg branches of German banks closer to the regulations applying to their parents.

AP-DJ

Optimism at Norsk Hydro

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, strikes an optimistic note in its report for the half year to December 31. Recalling its own forecast, in October, that profits this year would be "considerably reduced," it says a number of factors now indicate a better result for 1978-79 than originally expected.

A cost-cutting programme introduced last summer has had a positive effect, trading conditions improved towards the end of 1978 for several main products, and a high level of oil and gas production has been achieved on the Frigg and Ekofisk fields, where Hydro is a partner. The report adds, however, that it is "still realistic" to expect that the profits for the current operating year will be lower than in 1977-78.

Higher production from Frigg and Ekofisk largely accounted for a big rise in turnover to NKr 3.98bn ($782m) from NKr 2.89bn in July-December 1977. Operating profits before depreciation almost doubled to NKr 954m ($187m). At the same time, however, depreciation rose to NKr 501m from NKr 174m, reflecting the completion of some North Sea production facilities, being written off over six years, and of the new petrochemical plants at Bafnes in eastern Norway. The high depreciation figure, combined with increased financial costs, resulted in pre-tax profits for the half year of only NKr 84m compared with NKr 127m.

The board comments that all production facilities operated satisfactorily during the six months, and capacity utilisation throughout was high. Results for the nitrogen division as a whole were considerably better than a year earlier. Complex fertiliser production reached a new record, and both prices and demand improved. The autumn saw an upturn in the aluminium market. The recovery, coupled with tighter cost control, led to "somewhat better" results for the aluminium division. Output capacity for primary metal was fully utilised and production was stepped up at Hydro's semi fabricating plants in Norway and abroad.

The magnesium division made lower profits, despite stable market conditions, because of running-in problems with new process equipment at the Porsgrunn plant. The new installations are now in operation and production capacity will shortly be increased. Even so, however, the results for the year as a whole will be weaker than 1977-78.

The half year was the first in which all the new plants at the Rafnes petrochemical complex were in production. The ethylene plant was still suffering from the fact that deliveries of low price Ekofisk feed stock from Teesside have not yet started. Low product prices combined with high production costs and depreciation resulted in a considerable loss on operation of the Rafnes plants.

An improvement is expected in second half of the current year, however, because demand for PVC has improved and prices are rising. When feedstock deliveries from Teesside begin towards the end of the financial year, this will give a marked boost to profitability in the petrochemical sector.

Ford puts Richier group up for sale in France

BY TERRY DODSWORTH IN PARIS

FORD'S attempt to buy its way into the European construction equipment industry by way of Richier, one of the largest French companies in this field, has foundered after six years of losses. The American group has decided to sell out and has put its 99 per cent stake in Richier on the market.

The decision comes at a delicate time for Ford in France, when it is talking with the French authorities about the possibility of investing in a car assembly plant project whi h would create about 8,000 jobs. Richier employs 2,600, and there is a possibility that the Government may become involved in the sale, if Ford cannot find a ready buyer.

Richier said yesterday that for the present the company will continue to operate as usual. It blamed its problems on the depressed state of the market, which had been poor since Ford bought its stake in 1972. Similar difficulties hit Poclain, a comparable group to Richier, in 1977, when it passed under the control of Case-Tenneco of the U.S.

Richier's losses last year amounted to FFr 46m ($10.7m) on a turnover of FFr 900m. These followed losses of FFr 40m in 1977, despite heavy investments by Ford, including the construction of a new plant in the Ardennes region

The company is an important exporter for France, selling some 60 per cent of its output overseas. Its products are extremely widely-based, including excavators, shovel-loaders, back hoes, crushing equipment, stone-breaking equipment, and road machinery.

● Cie Financiere de Suez, the holding company for a leading French banking group, said that INA Corporation of the U.S. had reduced its stake in Financiere de Suez by 3.28 per cent to 5 per cent, AP-DJ reports from Paris.

The British Government owns 7 per cent of the holding company's capital.

Quaker Oats takeover bid for Chiari and Forti

BY PAUL BETTS IN ROME

CONSOB, the national Commission on the Bourse and Companies, suspended dealings yesterday until March 9 of Chiari and Forti shares following a public offer by the U.S. Quaker Oats group to take an 80 per cent controlling stake in the Italian medium-size food-stuffs company.

The U.S. food manufacturer bought a 27 per cent holding in the Italian company some 18 months ago and is now offering to buy a minimum of 1.5m and a maximum of 2.9m Chiari and Forti shares at L2,500 each ($2.98), thus increasing its stake to 80 per cent. The price of the shares on the Milan Stock Exchange averaged between L2,250 and L2,260 last week.

The takeover is particularly significant in that it is the first instance in many years of a direct U.S. investment in Italy. The deal was negotiated by the Milan merchant bank, Euromobiliare, controlled by Sig. Carlo de Benedetti, the deputy chairman and largest single shareholder of the Olivetti mechanical engineering and electronics group.

What is even more significant is the nature of the Quaker Oats deal. In past years, Chiari and Forti, which employs some 700 people, has experienced serious financial difficulties and was also involved in judicial proceedings with one of its directors being jailed and subsequently released.

Quaker Oats is understood to have had serious misgivings before entering the venture, but what appeared to have tipped the scales was the fact that the Italian company was among the first in Italy to have its books independently audited by an international firm in the early 1970s.

Meanwhile, Pirelli and Company, the Pirelli family-controlled financial holding, is to return a dividend of L140 this year compared with L130 in the previous year. Pirelli reported a profit of L2.8bn ($3.3m) for the year ending December 1978 compared to L2.26bn for the year ending December 1977.

Good year for International Mexican Bank

By Our Financial Staff

CONSOLIDATED net profits of the International Mexican Bank (Intermex) rose to $4.3m in fiscal 1978 from $3.3m.

Total assets of the London-based bank rose to $443m from $319m. After a capital increase of $10m in cash, the shareholders' equity now stands at $33m compared with $18.6m in 1977.

The Mexican Government has now joined Intermex's existing shareholders, which are composed of major international banks.

United International Bank, meanwhile, recorded net profits after tax of £852,000 ($1.7m) in 1978 against £763,000 ($1.5m) the previous year. An unchanged dividend of 4½ per cent is recommended.

The bank, whose shareholders number various European and North American banks, says its earnings last year were affected by disturbed money market conditions.

EUROBONDS

Steadier trend in dollar issues in quiet trading

BY JOHN EVANS

THE EURODOLLAR bond market generally held steady in quiet trading yesterday, with scattered price movements of ¼ point in either direction.

However, criticism continues to be heard among market participants over the heavy new issue calendar in dollars, which has tended to drive prices lower in recent days.

In its current bondletter, the Nomura Group says the poor secondary price performance of several new offerings must incidate that "the market is not yet ready for such intense (new issue) activity."

In fact, a Japanese convertible, the $50m 5¼ per cent Honda offering, is being poorly received at present, and reportedly is available in primary transactions at a three- to four-point discount.

Pessimism over the outlook for the Tokyo stock market and apprehension for vehicle producers if tight energy conditions are created by the Iran situation contributed to the apparent reserve over this bond, traders said.

Meanwhile, the $30m of five-year floating rate notes for the Kingdom of Thailand will carry a margin of a ¾ point over inter-bank rates, with a minimum coupon of 7 per cent. Lead managers are Manufacturers Hanover Ltd and Banque Nationale de Paris.

Orient Finance Co of Japan has scheduled a DM 30m eight-year convertible next month, with a provisionally indicated coupon of 4.75 per cent.

In Swiss francs, the Kingdom of Spain plans to raise SwFr 180m via 12-year bonds with a 4 per cent coupon, according to manager Union Bank of Switzerland. The bonds, offered for public subscription between February 23-28, will be priced at 100 per cent, plus a 0.3 per cent federal tax.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 86	25	94½	94⅞	−0¼	−0⅛	10.20
Australia 8.45 83	175	96¼	96⅞	−0⅛	−0⅛	10.03
Australia 9¼ 83	75	95¾	96⅛	+0⅛	0	9.88
CECA 8¼ 87	50	93¾	93⅞	0	−0⅛	9.89
CECA 9¾ 84-99	50	95⅞	96¾	+0⅛	−0⅛	9.81
CNT 9 93	75	94	94½	0	−0⅛	9.76
Canada 9 83	400	97½	98⅛	+0⅛	0	9.80
Canada 9¼ 98	350	96¼	97	+0⅛	−0⅛	9.85
Canadair 8½ 83	70	94	94½	0	−0⅛	10.18
Dominion Bridge 9 86	25	94½	94⅞	0	−0⅛	10.10
EIB 8¾ 98	125	94⅜	95⅛	−0⅛	+0⅛	9.90
Export Dv. Cpn. 9.85 84	150	100	100½	+0⅛	0	10.02
Eksportfinans 9 86	50	95	95½	0	−0⅛	9.90
Finland 8¾ 83	100	96⅛	96⅝	+0⅛	−0⅛	9.99
Finland 9 88	100	94⅞	95⅜	+0⅛	+0⅛	10.03
Finland 9½ 86	100	97⅛	97⅝	−0⅛	−0⅛	10.03
Hospital O/S 9 83	25	96¼	97	−0⅛	−0⅛	9.89
Ital Finance 9¾ 90	30	93½	93⅞	−0⅛	−0⅛	10.78
J. C. Penney 8½ 83	100	96⅛	96⅝	0	−0⅛	9.77
NZ Dev. Fin. 8¾ 83	20	93¾	93⅞	+0⅛	−0⅛	10.04
NZ Dev. Fin. 8¾ 85	20	92⅞	93⅛	−0⅛	−0⅛	9.88
Nat. West. 9 86	75	96⅛	96⅞	−0⅛	−0⅛	9.65
Newfoundland 9¾ 90	50	95½	96¼	0	−1⅛	9.84
Nord. Inv. Bk. 8¾ 88	25	94⅞	95⅛	0	0	9.60
Norsk Hydro 9¼ 94	50	94⅜	95⅛	+0⅛	−0⅛	9.88
Norway 7⅞ 83	250	92⅝	93⅛	0	−0⅛	10.02
Norway 8¼ 83	150	96½	97	0	−0⅛	9.91
Norway 9¾ 84	150	100	100½	+0⅛	+0⅛	9.91
Occidental 8⅞ 85	75	91⅞	92⅛	−0⅛	−0⅛	10.84
Ont. Hydro 8⅛ 85	125	93	93½	−0⅛	−0⅛	9.88
Quebec Hydro 9¼ 83	50	96⅛	96⅜	−0⅛	−0⅛	9.94
Sweden 9¼ 88	125	94⅞	95⅛	+0⅛	−1	10.06
UK 8½ 85	200	95⅝	96⅛	0	+0⅛	9.70
UK 8⅞ 93	150	93⅛	94¼	+0⅛	−1½	9.87

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	97¼	98⅛	+0⅛	+0⅛	5.82
Argentina 6½ 88	150	95	95½	−0⅛	−0⅛	7.19
Australia 6 88	250	99¼	99⅝	−0⅛	−0⅛	6.08
Austria 5½ 90	150	91½	92⅛	0	−0⅛	6.74
Bankamerica 5¾ 90	150	98¼	98⅝	0	+0⅛	5.94
Bq. Ext. Algerie 7¾ 85	100	95½	96⅛	−0½	−1⅛	8.08
Brazil 7¼ 87	150	100⅛	100⅝	0	+0⅛	7.18
CECA 6 88	150	96⅛	96⅝	−0⅛	0	6.51
Canada 4¾ 83	600	97¼	97⅞	0	−0⅛	5.38
Ch. Manhttn. O/S 6 93	100	98⅛	99⅛	−0⅛	−0⅛	6.10
Commerzbank WW 3½	100	98⅛	99⅛	−0½	+0⅛	3.58
Commerzbank XW 3½	100	81½	81⅞	0	+0⅛	8.15
Copenhagen City 6 90	75	90½	91⅛	−0⅛	−0⅛	7.17
Council of Europe 6½	100	97	97½	0	+0⅛	6.51
Council of Europe 6½	130	96⅞	97⅛	+0⅛	−1⅛	6.64
Denmark 5¾ 8[illegible]	100	95	95½	0	−0⅛	6.53
Denmark 6½ 89	100	96⅛	96⅝	−0⅛	0	7.00
EIB 6 90	300	93⅝	94⅛	0	+0⅛	6.77
EIB 6½ 91	200	96½	97	−0⅛	+0⅛	6.91
Eurofima 6½ 89	100	99⅛	99⅝	0	+0⅛	6.66
Finland 6 83	150	100⅛	100⅝	0	+0⅛	5.87
Hitachi Ship. 5¾ 83	50	99⅛	99⅝	0	−0⅛	5.84
IBJ 5 84	100	96⅛	97⅛	−0⅛	0	5.69
Indonesia 7 84	100	97⅛	98⅛	0	0	7.44
Kobe City of 5¾ 86	100	97⅛	98⅛	0	−2⅛	6.04
Mitsubishi Petro. 5¾ 85	100	99⅛	100⅛	+0⅛	−0⅛	5.77
New Zealand 6¼ 87	200	99⅛	100⅛	−0⅛	−0⅛	6.27
Nippon Steel 5¾ 85	100	98⅛	99⅛	−0⅛	−0⅛	5.88
Nippon Tel. & T. 5¾ 87	100	96⅛	96⅝	−0⅛	−0⅛	6.09
Nordic Inv. Bk. 6¼ 86	80	97⅛	97⅝	−0⅛	−0⅛	6.69
Norges Komm. 6 90	100	95⅛	96⅛	0	+0⅛	6.50
Norges Komm. 6¾ 89	150	97⅛	97⅝	−0⅛	+0⅛	6.60
Norwegn. Ind. Bk. 6 90	125	94⅛	95	−0⅛	−1	6.69
Occidental 6¾ 90	100	95⅛	96⅛	0	−0⅛	7.28
OKB 6¼ 88	100	100	100½	0	−0⅛	6.46
Petroleo Brazil 7 88	100	97⅛	98⅛	+0⅛	−0⅛	7.29
PK Banken 5¾ 88	100	92	92½	0	−0⅛	6.91
Ricoh 5¾ 83	30	97⅛	97⅝	−0⅛	−1⅛	5.92
Statoil 6 88	150	94⅛	95⅛	−0⅛	+0⅛	6.70
UDS Group 5¾ 83	65	96⅛	96⅝	−0⅛	−0⅛	6.89
Union Bank Finn 6¼ 88	50	94⅛	95⅛	−0⅛	−0⅛	7.24
Venezuela 6½ 90	150	93⅛	93⅝	0	0	7.36
World Bank 6¼ 88	400	97	97½	+0⅛	0	6.64

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 6¼ 88	40	104½	105¼	+0¼	+0¼	4.58
Amer. Exp. Int. 3½ 93	40	101	101¼	−0½	−1¼	3.40
Arlberg Tunnel 4 93	40	101½	102	−0¼	−0½	3.84
Austria 3½ 93	100	99¾	100	+0¼	+0¼	3.51
Brazil 4¼	100	100½	100¾	+0¼	+0¼	4.22
Chase Manhattan 4 93	70	105	105½	+0¼	+0¼	3.54
Council of Europe 4¼	100	104½	104¾	+0¼	0	3.78
Bankamerica 3¾ 93	80	102½	102¾	0	−0¼	3.53
BNDE 5 88	75	102½	103	+0¼	−0¼	4.63
Denmark 4½ 90	100	104¾	105¼	+0¼	+0¼	3.94
Denmark Mortgage Bk.	80	105	105½	−0¼	+0¼	3.91
FIB 4¼ 93	100	104½	105	+0¼	+0¼	3.81
Euratom 4¼ 93	90	103	103¼	0	−0¼	3.96
F. L. Smidth 4½ 93	25	103½	103¾	−0¼	+0¼	4.08
Finland 4½ 93	90	102¾	103¼	+0¼	−0¼	4.24
GZB 4½ 93	100	104	104½	−0¼	−0¼	4.30
ICI Fin. NV 4½ 93	100	104	104½	−0¼	−0¼	3.87
Malaysia 4¾ 90	50	99½	100	−0¼	−0¼	4.75
Manitoba 4 93	100	104¾	105¼	+0¼	+0¼	3.55
Nevag 4 93	70	103¾	103¾	−0¼	+0¼	3.70
New Zealand 3¾ 94	120	*98¾	99¼	+0¼	+0¼	3.53
Norges Komm. 4¼ 90	100	105½	105¾	+0¼	+0¼	3.63
OKB 4 93	80	103¼	103½	+0¼	+0¼	3.68
Oy Nokia 5 90	20	103½	104½	−0¼	−0¼	4.54
Sula 4¼ 93	30	103½	103¾	−0¼	−0¼	3.92
Sandvik 4 93	85	103½	104	−0¼	−0¼	3.60
Sons 4½ 89	15	103½	103¾	0	−0¼	4.04
Voest-Alpine 4½ 93	100	104½	105¼	+0¼	+0¼	4.03
Vorarlberg Kraft 4 93	30	103½	104	+0¼	+0¼	3.55
Vienna 4 93	100	101½	102	0	−1	3.82
World Bank 4½ 93	250	103½	103½	0	−0¼	3.95

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	92½	93	−0½	−2½	6.82
Australia 5.6 83	30	99½	100½	−0¼	−0½	5.58
Australia 6½ 88	20	96¾	97½	+0¼	−1¼	7.10
BFCE 6.4 90	30	94	95	0	−0½	7.24
Eurofima 6.3 90	10	†94	95	0	−0½	7.14
Finland 5.6 83	10	98	99	0	−0¼	6.05
Finland 6.8 88	10	96½	97½	0	−1	7.38
Sweden 6.3 90	40	92	93	−1½	−2½	7.42

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	94½	95½	−0½	−0¼	13.02
Auto Cote B. 7 93 EUA	16	91½	92½	0	+0¼	7.95
Copenhagen 7 93 EUA	30	91½	92½	0	+0¼	7.95
Komm. Inst. 7½ 93 EUA	15	96½	98	−0¼	−0¼	7.80
Panama 8½ 93 EUA	20	94	95	0	0	8.93
SDR France 7 93 EUA	22	92	93¼	+0¼	−0¼	7.87
Algemene Bk. 6½ 83 Fl	75	94½	95¼	0	−0¼	7.70
Brazil 7½ 83 Fl		94½	95½	−0¼	−0¼	8.88
CFE Mexico 7½ 83 Fl	75	97½	98½	+0¼	+0¼	8.28
EIB 7¼ 85 Fl	75	96¼	96½	0	−0½	8.14
Neder. Midd. 6½ 83 Fl	75	94	94½	−0¼	−0¼	8.09
New Zealand 6½ 84 Fl	75	94¼	95¼	−0¼	−0¼	7.85
Norway 6½ 83 Fl	100	94½	95	+0¼	−0¼	8.08
OKB 6½ 85 Fl	75	90½	91½	−0¼	−0¼	8.37
Elf Aquitaine 9¼ 88 FFr	150	99½	100	0	−0¼	9.78
EIB 9¼ 88 FFr	200	99½	100½	0	0	9.75
PSA Peugeot 9¼ 87 FFr	175	99½	100¼	−0½	−0¼	9.75
Unilever 10 85 FFr	100	101½	102¼	−0¼	−0¼	9.58
BAT 8 88 LuxFr	250	97	98	−0¼	+0¼	8.38
Bayer Lux. 8 86 LuxFr	250	97¼	98¼	0	+0¼	8.38
EIB 7¾ 88 LuxFr	250	96½	97½	0	0	8.21
Finland I. F. 8 88 LuxFr	250	96½	97½	0	+0¼	8.45
Norway 7¾ 83 LuxFr	250	96½	97½	0	−0¼	8.46
Norges Km. 8 86 LuxFr	500	96½	98¼	−0¼	−0¼	8.15
Renault 7¾ 88 LuxFr	500	96½	97½	0	−0¼	8.21
Solvay Fin. 8 85 LuxFr	500	100½	101½	0	−0¼	7.84
Swedish Bk. 8 88 LuxFr	500*	99½	99½	+0¼	0	8.08

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0¾	98	98½	31/7	11.44	11.88
BFG Fin. Co. M5.5 89	0¾	98¾	98½	12/7	12.4	12.57
Bco. El Salvador M8 83	1¾	97½	98¼	12/4	11.31	11.54
Bco. Nac. Argent. M8 83	0¾	99¼	99¾	21/7	12½	12.31
Bank Handlowy M8 88	1½	97½	97¾	25/11	12.94	13.25
Bank of Tokyo M5½ 93	0¼	97½	97¾	18/4	10½	10.77
Banque Worms M5½ 85	0¾	98½	99¼	15/6	12	12.20
Bq. E. d'Alg. M6.375 84	0¾	96½	97	9/8	11½	12.29
Bq. E. d'Alg. M7.5 86	0¾	95½	95½	2/6	12½	13.35
Bq. Indo et Suez M5½	0¼	98½	99½	25/7	12	12.14
Bq. I. Af. Occ. M6.5 83	0¾	97½	97½	12/7	12.4	12.70
CCCE M5.25 98	0¼	97½	98	3/8	11½	11.64
Ch. Man. O/S M5½ 93	0¼	97½	98½	27/7	11.73	11.96
Credit National M5½ 88	0¼	98½	98½	11/7	12.31	12.52
Gotabanken M6 88	0¾	98½	98½	15/5	12.31	12.48
Ind. Bk. Japan M5½ 86	0¼	99½	100	1/6	12.35	12.35
Ljubljanska M7.75 85	1	98½	97½	18/7	12.94	13.32
LTCB Japan M5½ 85	0¼	98½	99	9/5	12.06	12.17
Midland Intl. M5½ 93	0¼	98½	98½	20/7	12½	12.42
Nat. West. M5½ 90	0¼	98½	98½	21/6	12½	12.63
Nipp. Crdt. Bk. M5.5 85	0¼	99½	100½	22/6	12.81	12.80
OKB M5½ 88	0¼	100½	101½	18/4	10.56	10.47
Offshore Mining 88	0¼	98½	98½	19/7	12.19	12.30
Petro Mexicano 7½ 84	0¾	98½	98½	24/7	12.08	12.23
Privredna Banka M8 86	0¾	95½	96½	22/6	13.44	14.02
Standard Chrt. M5.5 90	0¼	97½	97½	10/2	8.94	9.17
Sundsvallsbnkn. M6 85	0¼	97½	97½	4/4	10.06	10.33

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	103	104½	+0½	16.22
Baker Int. Fin. 5½ 93	1/79	34	103½	105½	+0½	2.60
Boots 6¾ 93	2/79	2.16	89½	91½	+0½	−4.91
Coca-Cola Bottling 6¾	4/79	9	89½	90½	0	26.96
Ito-Yokado 5½ 93	6/78	1473	119½	121	+0½	−2.00
Novo Industri 7 89	4/79	259	87½	89	−1½	7.90
Texas Int. Air. 7¾ 93	4/79	14.5	89½	90½	+0½	15.36
Thorn Int. Fin. 7 88	11/78	3.67	97½	98½	+0½	−1.39
Tyco Int. Fin. 8½ 88	9/78	21	99½	101	0	15.36
Tyco Int. Fin. 5 84	5/78	61.5	75	76½	0	155.27
Asahi Optical 3½ DM	12/78	588	96½	97½	−0½	−1.29
Casio Co. 3½ 85 DM	11/78	841	95½	96½	−0½	4.42
Izumiya 3½ 86 DM	10/78	989	90½	91½	−0½	2.70
Jusco 3½ 86 DM	1/79	1270	91½	92½	0	28.93
Kansai Elec. 4 84 DM	4/79	135	93½	94½	−0½	−89.27
Konishiroku 3½ 85 DM	1/79	612	93½	94½	−0½	8.44
Marudai Food 3½ DM	2/79	1033	91½	92½	−0½	11.26
Murata M. 3½ 86 DM	11/78	854	97½	98½	+0½	−1.27
Nipp. Air 3.5 88 DM	12/78	508	86½	87½	+0½	1.23
Nippon Shinpan 3¾ DM	8/78	738	99½	100½	−1½	0.61
Nippon Yen. 3½ 85 DM	1/79	251	85½	86½	0	4.52
Nissan Diesl. 3½ 86 DM	2/79	477	90½	91½	−0½	8.78
Olymp. Opt. 3½ 85 DM	2/79	703	88½	89½	−1	−0.60
Ricoh 3½ 86 DM	10/78	617	95½	96½	−0½	14.50
Sanyo Electric 3½ DM	11/78	[illegible]	89½	90½	−1	−3.29
Seiyu Strs. 3½ 86 DM	9/78	1275	106	107	−0½	−3.26
Sharp Co. 3½ 86 DM	2/79	487	93½	94½	−0½	0.30
Stanley Elec. 3½ DM	11/78	623	91½	92½	−0½	15.29
Tokyo Elec. 3½ 87 DM	4/79	[illegible]	92	93	−0½	1.62
Trio-Kenwd. 3½ 86 DM	11/78	711	86½	87½	−0½	21.07

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds, where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THE BRAZILIAN FLAT GLASS INDUSTRY

Following the float

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN flat glass industry has been the scene of considerable foreign activity of late. The British firm of Pilkington Brothers recently linked with the French BSN-Gervais Danone group in order to buy all the shares of one Brazilian company and a controlling part of another. They now each have 50 per cent of the voting capital of the Companhia Produtora de Vidros Planos (Providro) and between them they hold 76 per cent of the shares of Santa Lucia Blindex, the remaining 24 per cent belonging to Petroleo Ipiranga. In both cases, the majority of the shares bought by the associates came from the French Louis Dreyfus Group.

The main reason for the present deal is the introduction into Brazil of Pilkington's famous float glass process, which makes it possible to produce a variety of widths of high-quality flat glass at a much lower cost than in other processes. At the end of 1979, the partners' newly-acquired Providro is to begin the construction of a factory for the production of flat glass, using the Pilkington technology. To do so, it has formed a new company, Cebrace (Companhia Brasileira de Cristal) in association with the Companhia Vidraria Santa Marina, 31.3 per cent of whose shares are owned by the third of the big three European flat glass producers, Saint Gobain-Pont-A-Mousson.

> The introduction into Brazil of float glass production techniques pioneered by Pilkington Bros. of the UK has stimulated new alignment in the industry. Brazilian and European manufacturers have united in a $100m project.

Providro and Santa Marina are Brazil's only flat glass producers, and the float glass process developed by the British firm in the 'fifties (and improved in the 'sixties) has long ben the object of their attentions, since both were interested in introducing it to the country. In September last year, Saint Gobain, after increasing its capital participation in the Brazilian company by some $100m, announced its intention of introducing the Pilkington process there.

However, the investment required was too large for any one single company (so large in fact, that Dreyfus decided to pull out of the flat glass sector in Brazil rather than make such an investment). Consequently, the present deal was born, bringing together Brazil's two producers and Europe's three major competitors. The cost of the project's implementation was revealed earlier this week to be $100m, part of the investment coming out of the companies' own capital, part being made up by reinvested profits and another part coming from foreign loans.

The majority shareholder in Cebrace will be Santa Marina.

U.S. QUARTERLIES

CINCINNATI MILACRON	1978	1977
Fourth quarter	$	$
Revenue	159.3m	143.4m
Net profits	9.70m	5.86m
Net per share	1.30	0.91
Year		
Revenue	633.7m	531.3m
Net profits	32.18m	20.87m
Net per share	4.35	2.84

CONNECTICUT GENERAL INSURANCE	1978	1977
Fourth quarter	$	$
Revenue	—	—
Net profits	81.34m	71.15m
Net per share	1.97	1.72
Year		
Revenue	—	—
Net profits	271.0m	230.0m
Net per share	6.57	5.56

GENESCO	1978	1977
Second quarter	$	$
Revenue	277.7m	280.0m
Net profits	7.03m	10.08m
Net per share	0.44	0.67
Six months		
Revenue	560.9m	540.7m
Net profits	9.68m	17.48m
Net per share	0.58	1.14

WALTER KIDDE	1978	1977
Year	$	$
Revenue	1.88bn	1.48bn
Net profits	82.7m	56.7m
Net per share	6.12	5.12

OGILVY & MATHER INTERNATIONAL	1978	1977
Fourth quarter	$	$
Revenue	53.9m	46.04m
Net profits	4.82m	4.15m
Net per share	1.19	1.07
Year		
Revenue	181.7m	151.4m
Net profits	12.59m	10.87m
Net per share	3.18	2.79

READING AND BATES	1978	1977
Fourth quarter	$	$
Revenue	51.4m	45.2m
Net profits	5.89m	6.03m
Net per share	0.76	0.83
Year		
Revenue	201.3m	204.7m
Net profits	22.59m	22.59m
Net per share	3.05	3.11

RESEARCH COTTRELL	1979	1978
First quarter	$	$
Revenue	51.6m	58.7m
Net profits	1.64m	2.04m
Net per share	0.38	0.50

TECHNICARE	1978	1977
Second quarter	$	$
Revenue	32.9m	35.0m
Net profits	†1.82m	1.23m
Net per share	†0.27	0.20
Six months		
Revenue	71.0m	72.2m
Net profits	†1.34m	4.63m
Net per share	†0.23	0.75

† Loss

Mead Corporation sees strong first quarter

LOS ANGELES — MEAD CORPORATION still expects a "very strong first quarter" compared with net earnings in the 1978 first quarter of $20.8m or 88 cents a share, according to Mr. Warren L. Batts, the president.

First quarter sales would rise from last year's $522m because of improved volume and inflation, but Mr. Batts did not estimate earnings or sales for the period. The full year "appears as though it could be very good" and he does not feel uncomfortable with analysts' estimates that fully diluted earnings per share will rise "moderately."

Wall Street analysts have forecast fully diluted net for Mead of $4.80 a share compared with $4.41 a share in 1978. In 1978, the company earned $120.9m or $5.12 a share on a primary basis on sales of $2.52bn.

Mr. Batts said the forest products operation will be better this year than in 1978. The consumer and distribution operations will be "somewhat better" than last year and industrial products operations about "flat."

Meanwhile, Occidental Petroleum Corporation said a Federal Court in Dayton, Ohio, has denied a motion by Mead seeking attorney's fees and costs in the litigation arising out of Occidental's proposed tender offer for all the outstanding shares of Mead. Occidental withdrew its proposed tender offer on December 20.

Agencies.

Downturn ahead for CBS

NEW YORK—CBS expects lower first quarter earnings, due to higher costs for special programming, the opening of new retail stores and softness in the record manufacturing market, the president, Mr. John D. Backe said.

In last year's first quarter, the company earned $1.22 a share on sales of $732.0m.

Mr. Backe said, however, that full year earnings will be ahead of the $7.15 a share earned on sales of $3.3bn in 1978.

The company is spending heavily for special television programming, to improve its ratings performance, particularly in prime time.

On February 11, the television broadcasting division reached second place in prime time ratings, one point ahead of RCA Corporation's NBC network and two points behind American Broadcasting Company.

CBS officials said sales of records are slightly off this month, due to a high rate of record returns from retailers and some softness in the market.

They said the company has added to its reserves for record returns, but declined to specify how much the reserves were.

However, the records division expects business to improve later in the year, as several new releases become available.

The opening of new shops by Pacific Stereo and Soundworks will also affect earnings in the year.

Reuter

Sime Darby makes strong advance

BY WONG SULONG IN KUALA LUMPUR

THE DIRECTORS of Sime Darby Holdings, whose bid for Guthrie has attracted a low level of acceptances so far, have announced that the group's half-year results showed a strong advance in profits.

The trading profits of the group for the first half ended December rose by 28.5 per cent to 108m ringgit (U.S.$46m), largely due to the sharp recovery in production from its plantation subsidiaries and continued good commodity prices.

The net profits after tax and minority interests rose to 36.9m ringgit (U.S.$17m), an increase of 29 per cent.

An interim dividend of 11 per cent is made on the share capital which was enlarged by a one-for-one bonus issue last year, compared with 10 per cent previously. The turnover was 858m ringgit compared with 748.8m ringgit.

A breakdown of the group's profits into various activities and regions showed clearly a substantial contributions from the plantations in Malaysia, which made a sharp recovery from the drought.

The trading profits from the plantation division was 67.8m ringgits (47.3m): commodity trading and processing 2.7m (5.6m), tractors division 29m (23.9m), trading and manufacturing Hong Kong 12.5m (11.8m), Asean and Pacific Basin 0.8m (3m) and western division loss 1.4m (Profit 1.6m).

The results of Sime's major subsidiaries were as follows: Consolidated Plantations net profit rose sharply from 21.4m to 29.5m ringgit ($13.6m), with turnover rising from 94m to 117.7m ringgit ($54.23m). An interim dividend of 15 per cent is being paid compared to the previous 8.75 per cent.

Kempas net profit was 12.37m ringgit ($5.7m) against the previous 10m ringgit, on a turnover of 78m ringgit ($35.9m). Kempas said it expects to pay a total dividend of not less than 24 per cent for the full year, against 36 per cent of the previous 18 months period.

Tractors Malaysia Berhad net profit rose from 11.1m to 13.6m ringgit ($6.27m) on a turnover which rose from 179m to 208m ringgit ($95.8m). The company's strong performance was attributed to the buoyant demand from the logging industry while increased sales were also recorded in the mining, agricultural and construction sectors in Malaysia and Singapore. An interim dividend of 10 per cent (same as previously) is declared.

● Sime Darby's two Hong Kong subsidiaries announced yesterday they had raised profits slightly in the half-year to the end of 1978, writes Hugh Peyman in Hong Kong.

China Engineers (Holdings), in which Sime Darby has a 73 per cent stake, raised its group net profit to HK$ 22.19m (U.S.$ 4.7m) from HK$ 20.20m. This 1977 comparison included a HK$ 5.3m non-recurring pre-tax profit China Engineers made with Chin Ann Limited on the disposal of its remaining assets.

China Engineers minority interest earnings fell marginally in the second half of 1978 to HK$ 2.96m (U.S.$ 631,000) from HK$ 3.12m. The company raised its interim dividend to five cents from four cents.

Amoy Canning, of which China Engineers owns 54 per cent, saw profits rise slightly to HK$ 5.75m (U.S.$ 1.2m) from HK$ 5.64m in the second half of 1977, declaring an unchanged dividend of three cents.

Amoy Canning forecast trading profits will rise in the six months to June 30, but pre-tax profit will be little changed from last year's level of HK$ 12.7m ($2.7m) due to a fall in interest income.

Presaging good results from other banks later this month, the Bank of East Asia raised its consolidated profit by more than 30 per cent to HK$ 40.24m (U.S.$ 8.5m) from HK$ 30.82m. The bank announced a one for five bonus issue after declaring a final dividend of 80 cents.

Inflation warning by HK Bank

By Anthony Rowley in Hong Kong

THE Hongkong and Shanghai Banking Corporation—a leading member of the Exchange Banks Association which at the weekend announced a further rise, of 1 per cent to 10.5 per cent, in prime lending rate—has warned in its quarterly economic report that "conditions exist for the acceleration of inflation in Hong Kong."

The latest increase in interest rates—the fourth since last September when the prime rate stood at 6 per cent—has been widely interpreted as a move to reduce inflation, currently estimated to be running at over 10 per cent on an annual basis.

The EBA said on Saturday the decision to raise lending rates (which was not accompanied this time by an increase in deposit rates) was taken in view of the "uncertain trend in overseas interest rate levels."

In a parallel statement, the Hongkong Bank and the Chartered Bank said: "The banks concerned have decided on this increase in response to the wish of the Government to stem the increase in bank advances, and it reflects the desire of the banking industry as a whole to co-operate with the Government in efforts to combat the current overheating in the domestic sector of the economy."

In its quarterly report to December 31, the HKSB said: "With the economy in a state of full employment, and money supply increasing at a rate higher than its trend rate of growth, conditions exist for the acceleration of inflation."

The Quasi-Central Bank also pointed to the fact that the marked weakening of the Hong Kong dollar last year has "failed so far to narrow the trade gap via the self-correcting mechanism."

Saturday's decision to raise interest rates is seen as a move to damp down domestic demand and thus help reduce the trade gap.

Apart from the import of luxury goods, one of the factors behind last year's sharp import growth was demand from the construction sector, a factor also reflected in the heavy volume of bank lending.

The Hongkong and Shanghai Bank review adds that the prevailing level of slow growth in Hong Kong's major industrial-country market, "together with the existing quantitative restrictions on the imports of textiles and clothing, must imply a substantial slowdown in Hong Kong's export growth."

Record profits at textile group

BY YOKO SHIBATA IN TOKYO

RENOWN, the Japanese wholesaler of textile products, has announced record sales and profits for the fiscal year to December.

Helped by favourable sales of high added-value women's ready-to-wear products (up 12 per cent) and underwear and socks (up 11 per cent), Renown's sales totalled Y163.33bn ($825m), up 7.6 per cent on 1977.

Net profits were Y3.79bn ($19.1m!) up 7.7 per cent, while per share profits improved to Y34.87 from Y32.4.

The company had net financial revenue of Y720m (interest and dividends received minus interest and dividend paid) stemming from surplus funds accrued from a SWFr 50m convertible bond issue in June last year. This revenue covered an increase in operating expenses resulting from the opening of new branches and decline in the valuation of inventories. As a result, Renown lifted its operating profits by 7.8 per cent to Y8.53bn.

For the current fiscal year, Renown expects current profits of Y9bn (up 6 per cent), net profits of Y4bn (up 6 per cent), and sales of Y175bn (up 7 per cent).

Japanese earnings at new high

TOKYO—Current account profits by major Japanese companies are likely to reach an all-time high in the half-year to March 31, according to a survey by the Nihon Keizai Shimbun, the Japanese financial newspaper.

The amount of the combined current profits is estimated to reach a new peak for the first time in six years.

The survey of 832 Japanese companies stocks of which are listed on the major Japanese stock exchanges in Tokyo, Osaka and Nagoya indicated an increase of 12.4 per cent in the six months from the previous half-year period to September.

The increase in net profits in the period is likely to be 16.7 per cent. Sales are forecast to show a 5.7 per cent rise.

In the next half-year period, which starts April 1, the current account based corporate profits are expected to rise 4.1 per cent from the previous half year. Net profits are shown as rising 1.2 per cent, and sales 1 per cent.

The survey reflected concern over increasing costs of materials and export stagnation in light electrical and automobile companies, but other manufacturing corporations, such as textile, non-ferrous metal and steel makers are enjoying profits as a result of cost reduction arising from the yen's rise in the foreign exchanges and production streamlining.

● The total number of Japanese companies which were suspended from bank transactions in January fell by 18.2 per cent from the 1,057 cases in the same month last year, and was down 31.5 per cent from the previous month, to a total of 865, the Federation of Bankers' Association said here.

Liabilities totalled about Y60.31bn ($305m), down 28.6 per cent from Y84.5bn the year before, and down 35.6 per cent from the previous month's Y93.63bn.

All the suspended companies are capitalised at Y1m or more. AP-DJ

Hong Leong wins fight for finance group

BY H. F. LEE IN SINGAPORE

AFTER A protracted six-month battle with the United Overseas Bank (UOB) group, Hong Leong Finance has won control of the local finance company, Singapore Finance.

UOB, whose offer for Singapore Finance shares on the basis of one UOB share for one Singapore Finance share with a cash alternative of S$3.40 a share closed yesterday, said that it has received acceptances totalling 4.47m shares, representing 37.29 per cent of Singapore Finance's issued capital.

As it did not wish to remain a minority shareholder in Singapore Finance, UOB has decided to accept the cash alternative of S$3.60 a share provided in Hong Leong's offer. Hong Leong offered 250 Hong Leong shares plus S$2,600 cash for every 1,000 Singapore Finance shares, of alternatively S$3.60 a share in cash. With the prices of Hong Leong and UOB shares being S$3.16 and S$3.34 a share, respecively yesterday, Hong Leong's cash alternative was the more attractive of the offers.

With the acceptance, UOB will receive S$16.11m (US$7.4m) cash for its 4.47m Singapore Finance shares.

Up to the weekend, Hong Leong is believed to have received acceptances totalling more than 5m shares in Singapore Finance which has an issued capital of 12m S$1 par shares.

The UOB decision brings an end to a saga that saw the two protagonists bidding and counter-bidding against each other.

Construction downturn hits Anglo-Alpha Cement

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S construction industry downturn has cut into turnover and profits of Anglo-Alpha Cement, the cement, lime and ready-mixed cement group, 34 per cent-owned by the Swiss company, Holderbank.

For the 18 months to December 31, Anglo-Alpha has reported turnover of R176.7m ($208m), an 11 per cent decline in annual terms from the R132.1m reported for the year to June 30, 1977. In part this arose through deconsolidation of the previously 72 per cent-owned Parem Enterprises (now 50 per cent-owned), which supplies ready-mixed cement to the construction industry. However, the figures cover a 10 per cent price increase for cement products granted by the Price Controller in April, 1978.

The turnover drop was accompanied by an adjusted 6.8 per cent operating profit drop to R31.3m for the 18 months, from R22.4m in the preceding year.

Sales warning by McCarthy

By Our Johannesburg Correspondent

THE McCARTHY GROUP, the Durban-based South African motor distributor, which is over 30 per cent-owned by Anglo American Corporation, increased its new vehicle unit sales by 16 per cent.

Following an operating pre-tax profit of R5.14m ($6m) in the six months to end-1978, against R4.32m for the six months to end-1977, and R5.06m for the six months to June 30, 1978, McCarthy warns that this half-year's earnings growth will be at a considerably lower level.

JAPANESE CAPITAL FLOWS

More competition planned for foreign banks

BY RICHARD C. HANSON IN TOKYO

THE MINISTRY of Finance (MOF) is considering further steps to liberalise the flow of short-term foreign capital into Japan, including one which would allow Japanese banks to compete with foreign banks on dollar loans domestically.

The ministry considers it possible that within this year, Japanese commercial banks will be able to lend dollars to domestic industries, so-called impact loans which are currently the exclusive preserve of foreign banks. The Japanese in 1974 were allowed briefly to make such loans but were cut off after the Eurodollar crisis precipitated by the failure of West Germany's Herstatt bank.

The authorities, viewing the present stability of the foreign exchange markets, feel it is time to abolish more of the restrictions. Moreover, a bill to revise the foreign exchange law will be introduced this spring changing the present philosophy of total restriction with a few exceptions to one of total freedom with some limits.

Setting the Japanese banks up to compete with the foreigners is also in line with a general theme of giving equal treatment to both foreign and domestic banks.

There is apprehension, that the foreigners will resent the new competition, if allowed, but the foreigners themselves appear little disturbed at the prospect. Impact loans were a lucrative source of profit when demand was high and margins wide but have ceased to be a growth area in the past two years. Foreign banks probably would be able to compete successfully against the Japanese if money again becomes tight because of better access to Eurodollars.

The spreads on most dollar loans to the Japanese have dwindled to about 0.5 percentage points over LIBOR, or much less in some cases. Foreign bankers do feel that these margins could be further eroded if the Japanese enter the field because they will have other business from local companies to offset the low profit.

The outstanding balance of impact loans, for use both domestically and for investment overseas, was $6.42bn at the end of December, up slightly from $6.37bn a year earlier. The small increase was mostly overseas with domestic-use funds dropping a bit.

The ministry will also consider relaxing the terms for dollar loans from the present one year or greater cut-off level. There is also talks of allowing the Japanese banks to have swap limits, which currently only the foreigners have, allowing them to bring dollars into the country for conversion to yen. The overall swap limits are expected to rise.

A further reduction in the limits on non-resident purchases of short-term Japanese securities is also being considered. This would mean the complete unwinding of restrictions imposed in March 1978.

Foreign bankers in Tokyo are happy to see the movement toward more equal treatment of all banks. One frequent complaint is that Japanese authorities tend to depend on strict separation of various functions among the various sectors of the financial community here. Foreign banks, for example, can make dollar loans to Japanese, but are not allowed to participate as managers in yen loan syndications to overseas borrowers.

Meanwhile, foreign banks without branches in Japan will face an additional curb on lending dollars directly to Japanese companies for use in Japan. From April 1, the exemption on withholding taxes on dollar loans from overseas sources will expire. The exemption from the tax was put into place in 1975 in order to encourage the inflow of much needed dollar loans.

Foreign banks with branches in Japan, which pay corporate taxes, will still qualify for the exemption, and the expiration will not affect lending to Japanese companies overseas. It is expected, however, that the share of lending from outsiders will slip from the present 10 per cent of the outstanding amount.

In the case of merchant banks in Britain, the addition of a 10 per cent withholding tax will raise the cost to them by more than one percentage point. With dollar profit margins already at only 0.5 points on loans to the Japanese, it is easy to see how this lending will dry up rather quickly.

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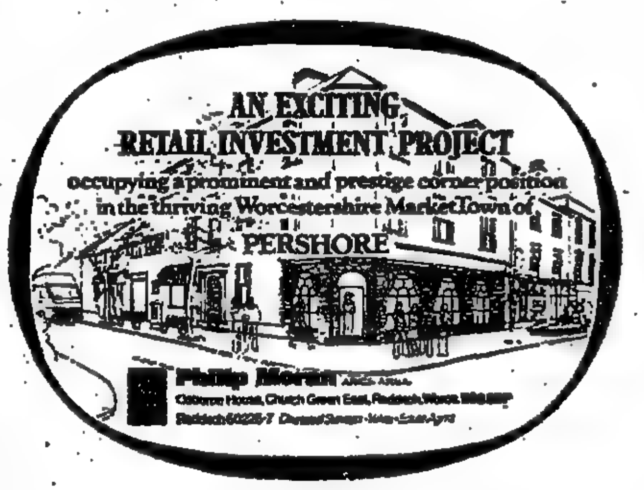

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China–Vietnam clash lifts Australian stocks

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AUSTRALIAN MARKETS put on a buoyant performance yesterday, with fresh buying prompted by the outbreak of fighting between China and Vietnam, writes James Forth from Sydney.

All U.S. stock markets were closed yesterday for the Washington's Birthday holiday.

The fighting gave further impetus to markets which were already on a rising trend. The main interest centred on resources stocks in the apparent belief that the conflict would accentuate the upward movement in metal prices. Stockbrokers reported strong buying from overseas, particularly the UK, but also Hong Kong, the U.S. and Europe. At the close of trading, the Sydney all-ordinaries index had gained 6.51 at 583.47, while the Metals and Minerals index added 58.65 at 2,851.73.

The market leader **Broken Hill Proprietary**, Australia's only combined steel producer and mineral and oil group, led the way, riding on weekend reports of a doubling in profits for the first half of 1978-79 and directors' expectations of at least matching the first-half earnings in the second half.

The shares closed 40 cents higher in Sydney at A$10.60 after touching A$10.70, its highest price since 1972. Turnover in Melbourne and Sydney totalled more than 400,000 shares, or more than ten times a normal day's activity. BHP's dominance was such that it accounted for more than half the A$4.15m Industrials turnover in Sydney.

Mining stocks advanced across a wide front, with Gold and Copper issues to the fore. **Peko-Wallsend**, which confirmed plans to reopen a copper smelter at Tennant Creek and to boost production of copper, moved ahead 20 cents to A$5.86.

Bougainville Copper climbed 8 cents to A$2.01 and **MIM** 9 cents to A$3.18, while in the Golds sector, **Central Norseman** strengthened A$2.50 to A$24.00, the recently floated **Poseidon** added 6 cents at 73 cents, and **GMK** rose 7 cents to A$1.12.

Elsewhere in Minings, **CRA** gained 10 cents to A$3.68, **BH South** 6 cents to A$1.61, **Western Mining** 5 cents to A$2.08 and **Ashton Mining** 3 cents to A$1.05. Uraniums had **Queensland Mines** 10 cents up at A$3.50.

On the Industrial boards, **Tooths Brewery** rose 7 cents to A$1.92 and **ICI Australia** 6 cents to A$2.34, while **Bank of NSW** put on 12 cents to A$3.52.

Hong Kong

Worries over the China/Vietnam conflict and news of a one percentage point rise in local prime rates to 10.5 per cent brought the Hong Kong market back sharply yesterday in increased activity. The Hang Seng Index fell 21.32 to 509.92.

Also depressing sentiment was the tougher U.S. stance on textile imports from Asia.

Selling was mainly local, with Property stocks particularly hard hit.

Hong Kong Wharf retreated HK$1.40 to HK$27.60. **Jardine Matheson** and **Hongkong Bank** 60 cents each to HK$11.50 and HK$17.80 respectively. **Swire Pacific "A"** 45 cents to HK$7.80, **Hong Kong Land** 40 cents to HK$7.60 and **Hong Kong Electric** 30 cents to HK$5.40.

Cheung Kong lost 40 cents to HK$9.50 and **Sun Hung Kai Properties** 30 cents to HK$7.70.

Sime Darby and **China Engineers** shed 15 cents apiece to HK$6.50 and HK$2.20 respectively, ahead of impending interim results.

Canada

An easier tone prevailed on Canadian markets yesterday morning in moderate activity following the release of the Consumer Price Index, which rose 0.8 per cent last month after a 0.3 per cent increase in December.

The Toronto Composite Index declined 2.4 to 1,381.0 at noon, while Golds lost 1.8 to 1,591.5, Papers 0.45 to 155.65 and Banks 0.67 to 310.19, but Utilities hardened 0.23 to 200.31.

Management companies fell 11 points on index as **Power Corporation**, C$25¼, and **Canadian Pacific Investments**, C$25, declined ¼ apiece. **Brascan "A,"** C$19, and **IU International**, C$12⅞, eased ⅛.

Kelsey-Hayes added ½ at C$24 on higher annual earnings. **Trans-Canada Resources** advanced 21 cents to C$2.56 on 275,670 shares in Toronto. The company said it could not explain the stock's activity.

Tokyo

Share prices displayed an easier bias in limited trading, with investors awaiting developments in the China-Vietnam conflict. The Nikkei-Dow Jones Average lost 3.94 to 6,124.96, with volume reaching only 200m shares, compared with last Friday's 320m.

Arabian Oil declined Y200 to Y2,660, **Sumitomo Coal** Y5 to Y141, **Nippon Oil** Y17 to Y750, **Fuji Photo Film** Y7 to Y668 and **Casio** Y14 to Y850.

However, non-ferrous metal issues, such as copper producers, advanced on speculation that if the China-Vietnam fighting continues for a long time, demand for copper will become stronger because Chinese and Soviet forces need more copper for military use.

Toho Zinc rose Y16 to Y168, **Dowa Mining** Y10 to $243 and **Furukawa Mining** Y3 to Y170.

Steels also rose, following the uptrend in non-ferrous metal shares, while Shippings provided another firm sector.

Germany

Bourse prices tended to soften in extremely light trading as investors reacted cautiously to news of China's invasion of Vietnam over the weekend. The Commerzbank index shed 2.4 to 791.4.

Among **Motors**, **Daimler Benz** declined DM2 and **Volkswagen** DM1. **Horten**, in Stores, lost DM 1.50, while **GHH**, in Engineerings, eased DM 1.30. Banks, however, were mainly firmer, while **Siemens**, in Electricals, gained DM1.40.

Paris

After some initial weakness, the market picked up in a moderate business to close with a mixed appearance on balance.

Brokers said investors had been unsettled at the beginning of the day due to events over the weekend on the Sino-Vietnamese frontier, but institutional buyers had intervened later in the session.

Declines still predominated among Banks, Food, Mechanicals, Chemicals and Metals, but Portfolios, Motors, Constructions, Electricals and Oils finished mostly higher.

Notably lower were **Moet Hennessey**, **Sereg**, **Poclain**, **Afrique Occidentale**, **Prenatal**, **Signaux**, **Legrand**, **Sacilor** and **Lefebvre**.

In contrast, **Bouygues** advanced 36 to FFr 770 on news that its 1978 consolidated profits will be higher despite recent events in Iran.

Also closing substantially above Friday's levels were **Cie du Nord**, **Peugeot-Citroen**, **Club Mediterranee**, **Scoa**, **Jeumont-Schneider**, **CIT-Alcatel**, **BP** and **Europe 1**.

Singapore

Stocks generally declined in moderate activity, depressed by the China/Vietnam fighting, coupled with the sharp fall on the Hong Kong share market. The Singapore Straits Times Index shed 4.96 to 353.26.

Overseas Chinese Bank receded 30 cents to S$7.75, **Fraser and Neave** 20 cents to S$5.05, **Cycle and Carriage** 16 cents to S$3.20 and **National Iron** 15 cents to S$6.20. **Straits Trading**, **Development Bank** and **Malayan Banking** eased 10 cents apiece, while **Sime Darby**, **Sin Chew**, **Haw Par** and **United Overseas Bank** recorded losses of up to 8 cents.

Amsterdam

Shares drifted easier in slow trading. The situation in Iran, the conflict between China and Vietnam and the forecast increase in the 1978 current account deficit at home were the main factors contributing to the lower tendency, dealers commented.

AMEV declined Fl 1.20, **Elsevier** Fl 3.50 and **Ahold** Fl 1.10, but **KLM** lost Fl 3.00.

State Loans were steady to fractionally lower.

Johannesburg

Gold shares were modestly firmer on higher Bullion indications, but trading was very quiet.

Industrials were easier-inclined in a thin business.

Milan

Prices closed firmer for choice at the start of the new Account after quiet trading.

Some leading Industrials met keen demand following recent oversold positions, but Snia Viscosa and ANIC were again lower in Chemicals.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
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Regional policy review sought

THE PROBLEMS of Britain's inner city areas should not be solved at the expense of other areas, authorities in East Anglia said yesterday.

The East Anglia Consultative Council has called on the Government in a report to "rethink" its regional policies.

The report says that since 1973, the per capita grant received by the region has dropped by nearly 20 per cent of the national average, in spite of a growing population the region has lost £52.3m a year in grants, rates have risen 64 per cent with the lowest average earnings and taxpayers in the region are having to support services in other parts of the country.

There is a gap of nearly £53 a head between the amount spent on services in East Anglia and the national average, the report says.

Copies of the report have been sent to the Government and MPs and it will be discussed at next month's meeting of the region's Economic Planning Council.

NEW YORK

Stock	Feb 16	Feb. 15
Abbott Labs	31	30½
AM International	18⅜	18¼
Adobe Oil & Gas	21⅛	22
Aetna Life & Ca.	40	40⅛
Airproducts	25⅝	25½
Alcan Aluminium	36¼	36⅜
Alcoa	52	52⅛

Stock	Feb. 16	Feb. 15
Corning Glass	54	53½
CPC Int'rnationa	50¾	51½
Crane Natl.	30	30¼
Crocker	27⅜	27¼
Crown Zellerb'h.	33½	33½
Cummins Engine	35½	35¾
Curtiss Wright	14⅜	14⅜
Dana	29	28¾

Stock	Feb 16	Feb. 15
Johns Manville	25	25½
Johnson Johnson	71	71½
Johnson Control	28¾	28½
Joy Manufacturg	30¾	30⅝
K. Mar Corp	24	24
Kaiser Alumini'm	19	19⅛
Kaiser Industries	2⅜	2¼
Kaiser Steel	25	24½
Kaneb Services	15⅛	14¾

Stock	Feb 16	Feb 15
Revlon	49½	50½
Reynolds Metals	35½	37⅛
Reynolds R.J.	56½	56⅝
Rich'son Merrell	23	23⅛
Rockwell Inter	37	37¼
Rohm & Haas	36⅛	35¾
Royal Dutch	63	63
RTE	11	11⅛
Ross Togs	10⅛	10⅛

Stock	Feb 16	Feb. 15
Woolworth	20½	20
Wyly	4⅛	4⅜
Xerox	56⅜	56⅝
Zapata	14⅜	[illegible]
Zenith Radio	13¾	13⅞
U.S. Treas.4% '80	†95	†95
USTreas4¾%75/85	†78⅛	†78⅜
U.S. 90-day bills	9.26%	9.30%

Stock	Feb 16	Feb 15
Control Data	32	32⅞
Cooper Indus.	50	49¼
IU International	10⅝	10⅝
Jim Walter	27	26½
Warner-Lambert	24	24
Waste-Man'ment	29½	29¾
Wells-Fargo	27	26¾
Weston Bancort	24⅝	24⅝
Western N.Amer.	25⅛	25⅛
Western Union	17⅞	17
Westing'hs Elec.	17¾	17⅞
Weyerhaeuser	28⅞	29
Whirlpool	17⅞	17⅞
White Con. Ind.	20	19⅝
William Co.	18⅛	18⅛
Wisconsin Elect.	26⅛	26

CANADA

Stock	Feb 16	Feb 15
Texaco Canada	51⅛	50
Toronto Dom.Bk.	21⅞	22
TransCanPipeLn	18¼	18⅜
Trans Mount Opt	9½	9⅝
Trizec	‡17½	‡17½
Union Gas	10⅛	10⅛
UntdSiscoe Mnes	9¾	10⅛
Walker Hiram	41⅜	41⅝
West Coast Trans	12½	12½
Weston (Geo.)	25	25

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ♦

Feb. 19	Price DM.	+ or —	Div. %	Yld. %
AEG	67.1	—0.7	—	—
Allianz Versich.	460	—1	31.2	3.3
BMW	223.7	—0.5	28.12	6.3
BASF	132.7	—0.5	18.76	7.1
Bayer	136.0		18.75	6.9
Bayer.Hypo	276	—1	28.12	5.1

TOKYO ¶

Feb. 19	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	345	—5	14	2.0
Canon	512	—7	12	1.2
Casio	850	—14	25	1.5
Chinon	378	+4	20	2.6
Dai NipponPrint	556	—8	18	1.7
Fuji Photo	668	—7	15	1.1
Hitachi	262	+2	12	2.3

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Banks Ltd.	13½%
Amro Bank	13½%
American Express Bk.	13½%
A P Bank Ltd.	13½%
Henry Ansbacher	13½%
Associates Cap. Corp.	14 %
Banco de Bilbao	13½%
Bank of Credit & Cmce.	13½%
Bank of Cyprus	13½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Bremar Holdings Ltd.	14½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	13½%
Canada Perm't Trust	13½%
Cayzer Ltd.	14 %
Cedar Holdings	13½%
■ Charterhouse Japhet	13½%
Choulartons	13½%
C. E. Coates	13½%
Consolidated Credits	13½%
Co-operative Bank	*13½%
Corinthian Securities	13½%
Credit Lyonnais	13½%
Duncan Lawrie	13½%
The Cyprus Popular Bk.	13½%
Eagil Trust	13½%
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13½%
Greyhound Guaranty	13½%
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
■ Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Julian S. Hodge	14½%
Hongkong & Shanghai	13½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	13½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13½%
London Mercantile	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	13½%
■ Morgan Grenfell	13½%
National Westminster	13½%
Norwich General Trust	13½%
P. S. Refson & Co.	13½%
Rossminster	13½%
Royal Bk. Canada Tst.	13½%
Schlesinger Limited	13½%
E. S. Schwab	14½%
Security Trust Co. Ltd.	14½%
Shenley Trust	15 %
■ Standard Chartered	13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
Twentieth Century Bk.	14½%
United Bank of Kuwait	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½% and over £25,000 11¾%.
‡ Call deposits over £1,000 11%.
§ Demand deposits 11%.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN	F.360	4	8.30	—	—	—	—	F.360
ABN	F.370	2	5	—	—	—	—	"
ABN	F.380	7	1.50	5	4.50	2	5	"
AKZ	F.30	15	1.90	—	—	10	4.30	F.31.20
AKZ	F.22.50	—	—	4	2.20	15	2.90	"
AKZ	F.35	5	0.50	40	1.10	5	2	"
ARB	F.75	—	—	4	2.50	—	—	F.76.20
ARB	F.80	—	—	2	1	5	2	"
CSF	F.380	5	4.70	—	—	—	—	F.356
GOB	F.140	—	—	2	5.30	7	5.30	F.136.50
HO	F.35	—	—	5	1.40	—	—	F.31.40
HO	F.40	—	—	10	0.50	—	—	
KLM	F.110	4	3.10	—	—	3	8.90	F.106.80
KLM	F.120	—	—	6	5.80	—	—	"
KLM	F.130	10	0.40	—	—	1	3.20	"
KLM	F.140	—	—	—	—	5	2	"
NN	F.110	5	2.80	—	—	—	—	"
NN	F.120	—	—	—	—	5	2.40	"
PHI	F.25	—	—	—	—	20	1.60	F.25.80
PHI	F.37.50	10	0.20	—	—	—	—	"
PSA	F.380	3	5	7	10.60	—	—	F.370
PSA	F.440	—	—	2	1.40	—	—	"
RD	F.120	5	7.80	—	—	5	9.20	F.126.90
RD	F.125	—	—	—	—	1	6.50	"
RD	F.130	11	1.90	—	—	—	—	"
RD	F.140	10	0.40	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 267

COMMODITIES AND AGRICULTURE

Canada cod deal blocked by UK

BY MARGARET VAN HATTEM IN BRUSSELS

BRITAIN YESTERDAY blocked a fisheries agreement between the EEC and Canada in an unsuccessful attempt to get the EEC Commission to drop legal proceedings over UK national fisheries measures.

Mr. John Silkin, the UK Fisheries Minister, claimed that the Canadian agreement threatened Britain's vital national interests. But he subsequently made it clear he would lift his reserve if the legal proceedings were shelved.

He suggested the Commission should drop charges concerning the granting of herring quotas to UK fishermen in two areas where herring fishing is banned — the Mourne and Isle of Man fisheries — and that it should delay action over the unilateral enlargement of the Norway pout box (an area where industrial fishing is banned) pending further scientific evidence.

Mr. Silkin's suggestion was flatly rejected, whereupon he refused to agree to the Canadian framework agreement.

Belgium, France and the Netherlands immediately denounced his action, calling it a "gross exaggeration" of the concept of vital national interests.

It is hard to see where the Canadian agreement affects Britain: Canada does not fish in EEC waters. The agreement covers German cod catches and Greenland salmon catches in Canadian waters.

But Mr. Silkin said the allocation of cod to Germany would affect subsequent German claims for cod in Norwegian waters which would, in turn, affect Norwegian claims for cod and other species in British waters.

War fears lift copper

By John Edwards, Commodities Editor

COPPER PRICES advanced strongly on the London Metal Exchange yesterday, with cash wirebars trading above £1,000 a tonne for the first time since 1974.

The rise was fuelled by nervousness about the Chinese "invasion" of Vietnam, and reported Rhodesian attacks on guerrillas in Mozambique and Zambia. In a day of very active trading cash wirebars closed £29.5 up at £1,001.

Copper stocks held in the London Metal Exchange warehouses fell by 6,525 tonnes reducing total holdings to 302,425 tonnes—the lowest level since June 1975.

Other metals followed the rise in copper.

Silver prices hit record levels, also influenced by the Chinese threat to Vietnam. The bullion spot quotation was raised by 16.7p to 383.6p an ounce at the morning fixing, and the LME cash price closed in the afternoon 11.4p higher at 385p.

Cocoa surplus forecast doubled

BY RICHARD MOONEY

IMPROVED COCOA crop prospects in Brazil and the Ivory Coast have prompted London merchant Gill and Duffus to double its estimate of the world production surplus in the current season.

In its latest market report, published today, Gill and Duffus puts 1978-79 world output at 1,425,000 tonnes, 50,000 tonnes higher than the company estimated in December.

But it also expects lower prices to result in higher consumption. The world 1978-79 grindings total is now put at 1,369,000 tonnes compared with 1,340,000 tonnes estimated in December. After allowing for a one per cent loss of weight in processing this adds up to a surplus of 42,000 tonnes against 21,000 tonnes predicted in December.

But thanks to a 20,000 tonnes upward adjustment in opening stocks the end-season stocks projection is only 1,000 tonnes higher at 475,000 tonnes.

The report puts the total Ivory Coast crop at a record 295,000 tonnes, 20,000 tonnes up on the December estimate.

The Brazilian production estimate has been raised from 234,000 tonnes in December to 258,000 tonnes.

Ghana's crop is now expected to reach 255,000 to 260,000 tonnes, the lowest for 20 years. In December Gill and Duffus put the Ghanaian total at 250,000 tonnes.

On the London futures market yesterday values rose on nervous covering encouraged by the uncertain world political situation. The May quotation sank to £1,785 a tonne early in the day but later advanced to end £32.5 higher at £1,833.5 a tonne. Dealers said trading was extremely light.

SOUTH AFRICA

Costs crisis hits farm profits

BY BERNARD SIMON IN JOHANNESBURG

DESPITE FOUR consecutive years of good harvests, the well-being of South Africa's 75,000 farmers has seldom been more precarious than it is now.

In the past few months the Government has appointed high level committees to investigate the financial plight of the agricultural sector and the depopulation of some of the country's richest farming areas. It is also considering the recommendations of a commission of inquiry into rural reform.

Mr. Chris Cilliers, director of the South African Agricultural Union, said in his New Year message that 1978 "was the most frustrating year in the history of organised agriculture. We achieved nothing on behalf of the farmer."

And Mr. Philip Vogel, Barclay Bank's agricultural adviser, said recently that "the financial stability of the South African farmer has deteriorated to such an extent that it has become a matter of great concern." Fears are widespread that a poor season could drive many farmers out of business.

The basic reason for farmers' financial plight is that their costs in recent years have risen far faster than the prices they receive for their produce. Prices of most major agricultural products, including sugar, maize, wheat, timber and meat, are Government-controlled and in the anti-inflation climate of the past few years, have deliberately been kept as low as possible.

While the overall inflation rate rose by 11 per cent in 1977-78, agricultural producers' price index crept up by only 3 per cent.

By contrast, prices for farm requisites rose by 12 per cent—at a time when the trend towards mechanisation has been forcing farmers to invest increasing amounts in new machinery. Fast-rising rail tariffs and fuel costs, a major part of farmers' expenses, have hit them particularly hard.

Not surprisingly, farmers' net income fell by almost 20 per cent last year. Their total indebtedness now amounts to R2,662m an increase of 25 per cent since 1975. Over the same period farmers' net income has risen by only 12 per cent.

Particularly alarming is the sharp upturn in short-term commitments, which four years ago totalled 63 per cent of net income but by 1977 had risen to 83 per cent. The value of accounts with co-operatives which remain unpaid jumped by around 60 per cent between 1975 and 1977.

It seems, says Mr. Vogel, "as if many farmers just are not able to generate sufficient cash to service their short-term commitments, finance a follow-up crop, provide for a desirable living standard and finance expansion programmes."

Unusually dry weather since last September has meant that farmers are likely to have their leanest season for several years in 1979, and their overall financial position is bound to deteriorate further over the next few months.

The drought has hit maize and sheep farmers especially hard. Only about 80 per cent of last year's maize acreage (which produced a crop of 10m tons) could be planted this season, and there has been further damage to young plants.

Thanks partly to a 2m ton carryover from last season, the crop will be probably be sufficient to meet local demand of about 6.8m tons. But a sharp cutback in exports, which last year earned more than R300m in foreign exchange, is on the cards. Already the Maize Board has halved its monthly export programme.

Both the size and quality of this year's wool clip are expected to be below 1978 levels. Especially worrying are the big losses in last year's lamb crop. About half of all lambs born in the second half of the year have died because of the drought.

A problem which has recently moved into prominence is the depopulation of remote rural areas. The causes have been both economic and political. In the North Western Transvaal, for instance, where by the Minister of Agriculture's own estimate, about six in every ten farms have been deserted, an outbreak of foot and mouth disease in the 1960s, followed by a severe drought and a drop in demand for red meat, prompted many farmers to abandon their ranches and look for work in the towns.

In some areas, however, particularly near the Rhodesian, Botswana and Mozambique borders, fears of guerrilla incursions have undoubtedly accelerated the exodus.

Doubts cast on grain export pact plan

BY OUR COMMODITIES STAFF

THE POSSIBILITY of an agreement between wheat exporting countries, following the failure to conclude an international pact between producers and consumers, is not as likely an alternative as it might seem, according to Mr. Ted Turner, president of the Saskatchewan Wheat Pool, reports AP-Dow Jones.

He said the weak link in any proposed exporters pact was the U.S. There could be too many political pressures on President Carter to allow him to make a price- and market-sharing agreement with other major wheat exporting countries—Canada, Australia and Argentina.

Importing countries such as the Soviet Union, China and Japan would oppose any such agreement among their main suppliers. Mr. Turner commented that differences between wheat exporting and importing countries may be so large that they may never be brought together for a new international wheat agreement.

North American producers were unwilling to accept an agreement that would leave prices below farmers' production costs. However, other countries looked for a pact that would only remove extreme price fluctuations, while another group among the 70 negotiating countries felt it deserved low prices.

Brij Khindaria in Geneva writes—The failure to conclude a new world wheat arrangement raises grave question marks for the food security needs of poor nations hit by drought or famine, and puts greater responsibility on the International Wheat Council.

The negotiations for a new wheat arrangement broke down at a time when differences in the positions of the various key participants had been considerably narrowed, leaving behind them the hope that a final agreement can still be made.

The problem areas have been clearly defined and the major players—the U.S., the EEC and wheat importing developing countries—know exactly how much flexibility is still needed to close remaining gaps.

But to avoid future debacles the wheat conference in Geneva placed the burden of convening new plenary negotiations on the shoulders of the London-based International Wheat Council.

The Council meets on March 19 to renew formally the existing wheat arrangement which expires on June 30. The minimum period of renewal will be one year, although the Common Market is likely to urge a two-year pause to allow more time for further negotiations for a new wheat pact. Only when the Council is convinced of success will new negotiations be called.

Little can be done immediately to obtain a new wheat accord because all sides are waiting to see the evolution of the world market, the size of this summer's harvests, the reaction of traders, and the import needs of developing countries as well as of the Communist bloc countries, especially China.

The Rome-based Food and Agriculture Organisation has forecast severe difficulties for the poorest among developing nations if the rest of the world does not build up adequate reserve stocks to meet sudden needs following disasters and famine.

The minimum size of such stocks, it is claimed, should be 10m tonnes, but offers made by donors in earlier negotiations add up to barely 8m tonnes.

Call for new wheat policy

BY OUR COMMODITIES STAFF

THE EUROPEAN Community should consider introducing a two-tier policy to allow more flexible control over the wheat market, Mr. Alick Buchanan-Smith, Conservative MP for North Angus and Mearns, said in Cambridge yesterday.

There should be one system for milling wheat and another for wheat to be used for animal feed, he said.

Citing the recent complaints of EEC feed manufacturers, Mr. Buchanan-Smith said present policies had encouraged the production of wheat unsuited to millers' needs.

Livestock producers' costs had been pushed unnecesarily high and heavy exports had upset the world grain market, he said.

Pig toll rises to 20,000

By Our Commodities Staff

THE TOLL of pigs slaughtered in the latest outbreak of swine vesicular disease in the Humberside area has risen to more than 20,000.

Two more outbreaks have been confirmed since last Friday, bringing the total to 13.

Tracking the disease and diagnosis of other suspect cases has been hampered by snowfalls which have isolated many farms in the region.

Ministry of Agriculture veterinary surgeons suspect the virus has been transported from farm to farm on lorries carrying feed or livestock.

Indian jute output record

NEW DELHI — India's jute production, excluding mesta, rose to a record 6.45m bales of 180 kilos in 1978-79 from 5.36m bales in 1977-78, the Ministry of Agriculture said yesterday in its final estimate for the year.

The area under jute rose to 888,400 hectares in 1978-79 from 797,400 a year earlier.

The Ministry said it expected combined jute and mesta production to be about 8.1m bales, the highest since 1962-63.

Reuter

NZ cheese plan opposed

BY CHRISTOPHER PARKES

THE BRITISH food and farming industries have launched a concerted campaign aimed at keeping New Zealand cheese imports out of the UK.

To allow New Zealand cheddar back into this market would force redundancies, push up cheese prices and increase the cost of the Common Agricultural Policy, according to a joint statement from the Food and Drink Industries Council, the Milk Marketing Board and the National Farmers' Union.

Although nothing has been settled, negotiators working on the General Agreement on Tariffs and Trade are close to agreeing that New Zealand should be allowed to ship between 10,000-15,000 tonnes of cheddar a year into the EEC.

As part of the same package the EEC should be allowed to sell a corresponding amount of "soft" cheeses in the U.S.

Britain, the only significant outlet for cheddar in the Community, would be burdened more than any other EEC country, the statement says.

Anticipating the phasing out of New Zealand imports at the end of 1977 the UK cheese-making industry invested £50m in new plant.

No New Zealand cheese has been shipped into Britain since the end of 1977. Small quantities have been metered out on to the market from store since then, but the reserve is believed to be exhausted.

World shortage warning

WASHINGTIN — The world's forests are disappearing at an alarming rate, a new study concludes.

"Rising wood prices are contributing to inflation in rich and poor countries alike, while land denudation in less developed nations is reducing the capacity of the environment to support human life," said Mr. Eric Eckholm of the Worldwatch Institute in a study released at the weekend.

The loss of forest lands is accelerating erosion of crop lands and silting-up of streams and rivers, causing deserts to expand and flooding problems to worsen, he said. It also is reducing crop yields.

Mr. Eckholm said the forest area in North America and Europe is stable, but in Africa, Asia and Latin America the wooded area is declining annually by at least 1m hectares.

The study, Planting for the Future — Forestry for Human Needsfi said the principle causes of deforestation are the spread of agriculture, the collection of firewood for cooking fuel and short-sighted timber harvesting practices.

Projections show that consumption of wood for all purposes will grow from 2.5bn cubic metres in 1976 to 4bn cubic metres in 1974, he said.

But the current pace of tree planting looks pitifully slow when compared with the pace of forest loss, and slower still when compared with the gargantuan demands that will be placed on the world's forests in the decades to come, he said.

For firewood alone, Mr. Eckholm said, The world will need to plant 20m to 25m hectares of forests by the year 2000. "But at the current rate of planting for this purpose, only about 2m hectares, one-fifth of what is needed will be established," he said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher following the China-Vietnam conflict and reports of Rhodesian raids into Zambia. Forward metal opened at £995 and quickly moved through the £1,000 level to touch the day's high of £1,018. The price held steady above the £1,000 mark with profit-taking causing momentary dips to £1,007 in the morning rings and £1,012 in the afternoon. However, continued speculative and fresh buying saw forward metal close at £1,015 on the late kerb. Turnover: 28,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1002.5-3.5	+58½	1000.5-1.5	+29.5
3 months	1017-.5	+38.5	1017-.5	+29.5
Settl'm'nt	1003.5	+59	—	......
Cathodes				
Cash	993.5-4	+55½	993-5	+30
3 months	1008.5-10	+37½	1009-10	+30.5
Settl'm'nt	994	+55	—	......
U.S. Smt.	—	......	87-89	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,002, 3, three months £1,014, 13, 12, 15, 14, 15, 14.5, 14, 14.5, 13.5, 13, 12, 13, 13.5, 14, 15, 16, 17, 16.5, 17. Cathodes, cash £995, three months £1,010. Kerb: Wirebars, three months £1,017, 17.5, 18, 18.5. Afternoon: Wirebars, three months £1,016, 17, 18, 18.5, 19, 18, 17, 16, 16.5, 17, 17.5, 17. Cathodes, three months 1,008. Kerb: Wirebars, three months £1,016, 16, 15.5, 15, 15.5, 15, 14, 13, 12, 13, 14, 15.

TIN—Generally higher although heavy cash offerings during the afternoon unnerved the market. Forward Standard metal started at £7,250, despite the fall in the East over the weekend, and advanced to £7,300 pre-market. But selling against Eastern intake was present and this, added to the increase in warehouse stocks which damped sentiment, led to a narrowing of the backwardation and a fall to £7,240. Trading in the afternoon started at £7,270 and remained around this level until the cash selling developed. The close on the Kerb was £7,220. Turnover: 1,890 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7440-60	+150	7400-50	—50
3 months	7320-40	+167	7290-320	+65
Settlem't	7460	+120	—	......
Standard				
Cash	7570-80	+150	7400-50	+50
3 months	7265-75	+152	7270-5	+75
Settlem't	7580	+150	—	......
Straits. E.	$1886	—14		
New York	—	......		

Morning: Standard, three months £7,250, 40, 50, 70. Kerb: Three months £7,270. Afternoon: Standard, three months £7,270, 65, 60, 70, 65, 75. Kerb: Standard, three months £7,220.

LEAD—Firmer following the sharp gain in copper. Forward metal rose to £501 on the pre-market, but thereafter eased back reflecting profit-taking and a larger than expected rise in warehouse stocks. At the close forward metal was quoted around the £495 level. Turnover: 6,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	525-6	+18	524-5	+6
3 months	498.5-9.5	+14½	497.5-8.5	+7.5
Sett'ment	526	+18	—	......
U.S. Spot	—	......	42.4	......

Morning: Cash £524, 25, 26, three months £499, 500, 1, 500, 499, 98, 500, 499. Kerb: Three months £499, 98. Afternoon: Three months £496, 500, 498. Kerb: Three months £496, 97.5, 97, 96.

ZINC—Higher in line with other metals. Forward metal opened on the pre-market at £418 and moved ahead to the day's high of £424 in the afternoon following good buying from one quarter prior to closing at £419 on the late kerb. Turnover: 4,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	407-.5	+8	408-9	+6
3 months	421-.5	+8.75	423-4	+7.75
S'ment	407.5	+8	—	......
Prim.west	—	......	36.5-7.5	......

Morning: Cash £407, 7.5, three months £420, 19, 20, 21, 21.5, 22, 21.5. Kerb: Three months £421. Afternoon: Three months £419, 18, 18.5, 19.5, 20, 21, 22, 23. Kerb: Three months £423, 22, 21, 20, 18.5, 19.

ALUMINIUM—Gained further ground in sympathy with other base-metals. After opening at £746 forward metal climbed to the day's high of £751, but eased on profit-taking to close at £746 on the late kerb. Turnover: 4,900 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	747-50	+21	743-7	+18.5
3 months	749.5-50	+22½	746-7	+15

Morning: Three months £750, 51, 50.5, 50, 49, 48.5, 49, 50, 49, 48, 48.5, 49, 50. Kerb: Three months £749, 48. Afternoon: Three months £749, 48, 47, 48, 48, 47, 46. Kerb: Three months £745.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 16.7p an ounce higher for spot delivery in the London bullion market yesterday, at 383.6p. U.S. cent equivalents of the fixing levels were: spot 769c, up 34c; three-month 788c, up 38c; six-month 803c, up 36.7c; and 12-month 826.2c, up 33.9c.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	383.6p	+16.7	385p	+11.4
3 months	395.7p	+18.0	397.1p	+12.5
6 months	405p	+17.8	—	......
12 months	421.6p	+16.9	—	......

LME—Turnover 139 (102) lots of 10,000 ozs. Morning: Three months 398, 7.5, 98, 8.1, 98. Kerb: Three months 398.1, 98, 7.7, 7.5. Afternoon: Three months 397.5, 98, 8.5, 8.3, 8.1, 98, 7.8, 7.5, 7.6, 7.5, 7.4, 7.2, 97. Kerb: Three months 397, 6.5, 6.1, 96, 5.5.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 85 tonnes. Only a limited offtake occurred, although the firm undertone in prices was maintained. The call for supplies centred mainly on North and Central American qualities, with [illegible] support in African and [illegible]

COCOA

Despite opening at the day's lows prices remained steady throughout, in thin trading conditions, with Commission House buying evident towards the close, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1788.0-89.0	+59.5	1788.0-40.0
May	1833.0-34.0	+32.5	1840.0-65.0
July	1840.0-50.0	+25.0	1862.0-07.0
Sept	1833.0-35.0	+28.75	1838.0-42.0
Dec	1826.0-30.0	+28.0	1823.0-830.0
March	1844.0-50.0	+14.0	1845.0-20.0
May	1860.0-60.0	+16.0	—

Sales: 2,003 (3,483) lots of 10 tonnes.

International Cocoa Organisation (U.C. cents per pound): Daily price February 16 156.66 (161.79). Indicator prices February 19 15-day average 156.68 (156.17). 22-day average 157.56 (157.61).

COFFEE

ROBUSTAS opened unchanged to slightly higher but lacking fresh incentive the market wandered in a narrow range, the only feature being the continued pressure of the spot position, reported Drexel Burnham Lambert. With the U.S. holiday the afternoon was very disappointing and values closed £5 to £6 higher from Friday's finish.

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
March	1392-1395	—06.0	1400-1384
May	1322-1323	+01.0	1330-1316
July	1286-1288	—00.5	1294-1284
September	1256-1259	—05.0	1267-1258
November	1231-1234	—00.5	1240-1231
January	1209-1213	—04.5	1216-1214
March	1185-1187	+05.5	1200-1180

Sales: 2,201 (4,329) lots of 5 tonnes.

ICO indicator prices for Feb. 15 (U.S. cents per pound): Colombian Mild Arabicas 127.00 (129.00), unwashed Arabicas 127.00 (same); other mild Arabicas 120.17 (121.17), Robustas ICA 1976 131.50 (same); Robustas ICA 1968 132.00 (same). Daily average 128.37 (128.64).

GRAINS

LONDON GRAIN FUTURES (GAFTA)—Grains opened 25p up on wheat, 40p up on barley. In very active trading conditions, wheat values increased to trade 45p higher. Values eased slightly to close 15-20p up on new crops and a good two-way trade was seen. Barley saw commercial good demand for the spot and values increased sharply to close steady 75.85p up on the day on old crops. News crops saw a good trade and closed 20-30p higher on the day on wheat and barley. After trading 40p higher, values eased back slightly to close 10p higher on Sept. and Nov. and 50p higher on Jan., ACLI reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	94.00	+0.25	91.80	+0.55
May	97.85	+0.25	94.40	+0.75
Sept.	92.30	+0.20	85.95	+0.10
Nov.	95.65	+0.20	88.50	+1.15
Jan.	99.30	+0.30	93.35	+0.50

Business done—Wheat: March 94.15-93.95, May 98.05-97.80, Sept. 92.40-92.20, Nov. 95.70-95.55, Jan. 99.30-99.10. Sales 528. Barley: March 92.00-91.30, May 94.65-94.10, Sept. 86.25-86.00, Nov. 88.75-89.50, Jan. 93.35-93.20. Sales 482.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Mar. 93.50, mid Mar./mid Apr. 92.00, transhipment East coast. U.S. Hard Winter 13½ per cent late Feb./Mar. 90.25 transhipment East coast. EEC unquoted. Maize: U.S./French Feb. unquoted, Mar. 108.50, Apr. 110.00, transhipment East coast. South African White Apr. 75.50, Glasgow South African Yellow Apr. 70.50 Glasgow. Barley: English feed fob Apr./June 98.00, East coast.

HGCA—UK average ex-farm spot prices for week ending February 15: Other milling wheat £93.10 a tonne (+£1.40); feed wheat £91.30 (+0.70); feed barley £85.50 (+£1.00); malting barley £95.00 (+£5.00).

HGCA—Location ex farm spot prices. Other Milling Wheat: Central Scotland 100.00. Feed Barley: Central Scotland 86.40, Cambridge 86.60.

The UK monetary coefficient for the week beginning February 26 (based on HGCA calculations) is expected to [illegible]

EEC IMPORT LEVIES—The following levies and premiums are effective for February 20 in order of current levy plus March, April and May premiums (with previous in brackets) all in units of account per tonne. Common Wheat: 85.89, nil, nil, 5.93 (85.89, nil, nil 5.93). Durum Wheat: 134.52, rest nil (134.52, rest nil). Rye: 85.46, nil, nil, 7.30 (85.46, nil, nil, 7.30). Barley: 93.96, rest nil (93.96, rest nil). Oats: 92.75, rest nil (92.75, rest nil). Maize: (other than hybrid for seeding): 79.48, 0.15, 0.15, 0.15 (79.48, 0.30, 0.30, 0.30). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 77.74, rest nil (77.74, rest nil). Grain sorghum: 80.79, 3.04, 3.04, 3.85 (80.79, 3.04, 3.04, 4.26). Flour levies: Wheat or Mixed Wheat and Rye Flour: 131.88 (131.88). Rye Flour: 131.27 (131.27).

MARK LANE—The market was more active with consumer interest more in evidence. Milling wheat delivered London March £98.50, Apr./May/June £104.00. Denaturable quality wheat delivered East Anglia, March 97.00, Apr./May/June 100.25. Barley delivered East Anglia, March 94.00, Apr./May/June 97.50.

RUBBER

STEADY opening on the London physical market. Good activity throughout the day, closing uncertain. Lewis and Peat reported the Malaysian go-down price was 249 (244) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	62.50-62.45	61.05-61.20	62.50-62.45
April	63.00-65.20	61.95-62.00	—
Apr-Jne	65.50-65.65	62.55-62.80	64.10-62.50
Jy-Sept.	65.55-65.70	64.75-64.80	66.00-64.00
Oct-Dec	67.50-67.55	66.70-66.75	67.95-66.75
Jan-Mar	69.50-69.55	68.60-68.65	69.50-69.40
Apr-Jne	71.40-71.50	70.60-70.65	71.80-71.50
Jy-Sept.	73.45-73.55	72.55-72.60	73.60-73.50
Oct-Dec	75.45-75.50	74.55-74.60	75.60-74.50

Sales: 773 (435) lots of 15 tonnes and 2 (25) at 5 tonnes.

Physical closing prices (buyers) were: Spot 62p (60.75); March 60.5p (60.25); April 61.25p (61.0).

SOYABEAN MEAL

	Yesterday Close (£ per tonne)	+ or —	Business Done
February	132.00-35.0	+1.5	—
April	129.80-30.2	—0.1	30.50-29.80
June	130.80-31.0	....	31.80-31.00
August	131.30-31.9	—0.75	32.00-31.60
October	130.00-32.0	+0.25	—
December	128.10-29.0	+1.00	28.80
February	128.00-32.8	—0.25	—

Sales: 35 (84) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (£102.00) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £107.50 (£106.00).

News of the Chinese incursion into Vietnam provoked keen short-covering, and opening quotations were some 100 points above pre-weekend levels, reported C. Czarnikow. Buyers continued to press in a market lacking sellers so that prices quickly improved another 50 points. Later, during the afternoon when New York was on holiday, fresh buying developed and prices advanced a further 75 points before heavier offerings pared the gains somewhat at the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	107.25-07.50	105.90-06.00	107.75-05.20
May	113.25-13.50	111.60-11.80	115.70-11.05
Aug.	117.70-17.75	116.20-16.25	118.25-15.65
Oct.	120.20-20.50	119.15-19.20	120.60-18.00
Dec.	122.50-22.90	121.50-21.60	125.00-22.20
March	127.55-27.40	126.15-26.50	127.75-26.25
May	129.25-30.50	128.75-29.50	—

Sales: 3,392 (2,843) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £171.50 (£169.50) a tonne for home trade and £264.85 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Price for Feb. 16 Daily 8.27 (8.00); 15-day average 7.85 (7.79).

WHITE SUGAR Close (in order buyer, seller, business, sales). April 109.50, 110.00, 110.00-109.00, 225; July 114.50, 115.00, 115.00, 5; Sept. 119.60, 119.65, 120.50-118.25, 42; Nov. 122.70, 122.80, 122.75-122.00, 17; Feb. 130.25, 130.50, nil, nil; April 134.50, 135.75, nil, nil; July 138.50, 140.00, nil, nil. Sales: 289.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb.19 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (cs)	$1,475/85	+105	$1,240/55
Copper			
Cash w'bar	£1,001	+29.5	£959.75
3 mth	£1,017.25	+29.5	£868.5
Cash Cathode	£994	+30.0	£935.5
3 mth	£1,008.5	+30.5	£954
Gold troy oz.	$248.375	+2.0	$234.125
Lead cash	£524.5	+6.0	£500
3 mth	£498	+7.5	£472.25
Nickel	£2320.69		
Freemkt(cif)(lb)	$1.92		$1.59
	2.02	+0.07	1.75
Platin'm'tr'y oz	£164.5	....	£152
Free mkt	£208.8	+4.8	£185.85
Quicksilver	$220/30	+5.0	$205/15
Silver troy oz	383.6p	+16.7	316.85p
3 months	395.7p	+18.0	325.15p
Tin cash	£7,415	+80.0	£6,845
3 mths	£7,272.5	+75.0	£6,785
Tungsten	$154.14	....	$144.29
Wolfrm 22.04 cif	$129/35	+5.0	$126/31
Zinc cash	£408.5	+6.0	£373.5
3 months	£423.5	+7.75	£385.75
Producers	$800	....	$720
Oils			
Coconut (Phil)	$990	—5.0	$900
Groundnut			
Linseed Crude	£420	....	£361
Palm Malayan	$595w	—5.0	$637.5
Seeds			
Copra Philip	$685	....	
Soyabean (U.S.)	$306.45z	+1.1	$295.9
Grains			
Barley Futures	£94.4	+0.75	£88.75
Maize			
French No 3 Am	£109.5	+1.0	£110
Wheat			
No. 1 Red Spg.		....	£87.75
No2HardWint.	£90.25v	+0.25	£93.5
Eng. Milling †	£96.5v	....	
Other commodities			
Cocoa ship't	£1,848	+45.0	£1,897
Future May	£1,833.5	+32.5	£1,846
CoffeeF't'rMay	£1,322.5	+1.0	£1,414
Cotton 'A' index	77c	—0.25	75.75c
Rubber kilo	62p	+1.25	55.5p
Sugar (Raw)	£103	+1.0	£94
Wooltp's 64s kl	274p	....	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator. § Buyer.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: March 371.0, 374.0, 370.0-364.0, 44; May 380.0, 381.0, 380.5-372.0, 31; July 388.0, 392.0, 387.0-382.5, 51; Oct. 392.0, 393.0, 392.0-383.0, 69; Dec. 388.0, 389.0, 388.5-383.0, 65; March 392.5, 393.0, 393.0-388.0, 59; May 394.0, 394.5, 394.5-390.0, 43; July 394.0, 396.0, 395.0-391.0, 42. Sales 404.

LONDON GREASY—Close (in order buyer, seller): March 220.0, 228.0; May 228.0, 235.0; July 228.0, 237.0; Oct. 231.0, 240.0; Dec. 232.0, 240.0; March 234.0, 244.0; May 235.0, 244.0; July 238.0, 247.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 184.0, 187.0; May 190.0, 191.0; July 187.0, 190.0; Oct. 194.0, 198.0; Dec. 190.0, 196.0; March 191.0, 197.0; May 193.0, 199.0; July 193.0, 199.0. Sales: 3.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 19. G.B. cattle 73.78p per kg.l.w. (+1.16). UK sheep 153.2p per kg.est d.c.w. (+7.2). G.B. pigs 62.0p per kg.l.w. (+0.81). England and Wales: Cattle numbers up 11.0 per cent, average price 74.10p (+1.17). Sheep numbers down 8.9 per cent, average price 153.7p (+7.8). Pig numbers down 14.8 per cent, average price 61.9p (+0.8). Scotland: Cattle numbers up 12.6 per cent, average price 70.97p (+0.34). Sheep numbers up 30.0 per cent, average price 151.7p (+6.71). Pig numbers down 14.5 per cent, average price 65.1p (+0.2).

MEAT COMMISSION—Average fatstock prices at representative markets on week ending February 17. G.B. cattle 72.59p per kg.l.w. (+0.44). UK sheep 149.5p per kg.est. d.c.w. (+5.81). G.B. pigs 61.4p per kg.l.w. (+1.01). England and Wales: Cattle numbers down 12.2 per cent, average price 73.17p (+0.67). Sheep numbers down 28.6 per cent, average price 149.8p (+5.5). Pig numbers down 24.9 per cent, average price 61.3p (+1.1). Scotland: Cattle numbers up 4.5 per cent, average price 70.89p (—0.04). Sheep numbers down 6.1 per cent, average price 147.2p (+6.21). Pig numbers down 8.0 per cent, average price 63.1p (—0.7).

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 54.0 to 59.0, Eire hindquarters 63.0 to 66.0, forequarters 42.0 to 48.0.

Veal: English fats 70.0 to 78.0, Dutch hinds and ends 94.0 to 98.0.

Lamb: English small 58.0 to 64.0, medium 56.0 to 62.0, heavy 50.0 to 60.0, Scotch medium 56.0 to 60.0, heavy 52.0 to 60.0. Imported frozen: NZ PL new season 48.0 to 50.0, PM 49.0 to 50.0, YLs 48.0 to 49.0.

Pork: English, under 100 lbs; 36.5 to 45.0, 100-120 lbs 38.5 to 43.5, 120 lbs 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Lemons: Italian: 120s 4.25-4.50; Cyprus: Trays 3.30-4.00, cartons 80/180s 3.50-6.50. Spania: Trays 30/40/45 1.60-1.80; Oranges—Spania: Navels/Navelines 3.60-4.00; Israeli: Shamouti 4.35-4.95; Cyprus: 3.00-4.20; Moroccan. Navels 3.60-3.80; Egyptian: Baladi 3.00-3.[illegible]; Jamaican: 3.30-3.50. English Produce: Potatoes—Per [illegible] 1.70-2.10. Lettuce—Per 12 round [illegible] 1.50. Mushrooms—Per lb 0.50-0.60. Apples—Per lb Bramley 0.05-0.10, Cox's Orange Pippin 0.07-0.16, Spartan 0.06-0.10. Pears—Per lb Conference 0.11-0.16, Comice 0.22-0.24. Cabbages—Per net 4.00-5.00. Beetroot—Per 28-lb 0.90-1.00. Carrots—Per 28-lb 2.00-2.40. Onions—Per 28-lb 1.50-2.40. Rhubarb—Per lb 0.23-0.24. Swedes—Per 28-lb 1.30-1.40. Turnips—Per 28-lb 1.30-1.40. Parsnips—Per 28-lb 2.00-2.50. Sprouts—Per lb 0.25. Cucumbers—Tray 12/18s 4.00-4.50.

*

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£6.00, codlings £3.00-£3.50; large haddock £5.00, medium £4.40-£4.80, small £3.50-£3.80; large plaice £2.50-£4.00, medium £3.80-£4.30, best small £3.80-£4.20; large skinned dogfish £6.00, medium £5.00; lemon soles £9.50; saithe £2.00.

*

TEA offerings at the London auction totalled 43,996 packages. North Indians were dearer for brighter types but other descriptions met only fair demand and declined by 3 to 5p per kilo. Africans met strong general demand and all descriptions were dearer. Dusts were particularly strong and advanced by 5 to 8p per kilo. Prices indications: quality 130p (128p) per kilo, medium 12[illegible] ([illegible]), plain 80p (6-mc).

EUROPEAN MARKETS

ROTERDAM, Feb. 19.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent mid-Feb.-mid-March $165. U.S. Hard Winter wheat ordinary not offered. U.S. No. 2 Red Winter wheat March $166, April $158, May $157. U.S. No. 2 Northern Spring wheat 14 per cent March $171, April-May $148, May $147.50.

NO U.S. commodity prices are available for Monday due to a public holiday marking the birth of George Washington.

Maize — U.S. No. 3 Corn Yellow April $120.75, Feb. $120, March $119.50-119.75, April-June $119.50-75, July-Sept. $119.50-75, Oct.-Dec. $120.

Rye—U.S. No. 2 Canada Western April-May $12[illegible].

Oats — U.S./Plate — Feb. $9[illegible] Feb.-March $98, March $100. Norwegian, Swedish 2/40 U.S. 1 Canadian feed — all unquoted.

Sorghum — Argentina/U.S. — Spot $121, April $119, Feb. $119, March $110, April-June $109.

Soyabeans — Argentine May $298, June-July $300.50 sellers.

PARIS, Feb. 19.

Sugar — May 950-954, July 965-974, August 993-998, Oct. 1,025-1,032, Nov. 1,010-1,025, Dec. 1,045-1,055, March 1,076-1,084, May 1,091-1,110.

Cocoa — March 1,483-1,485, May 1,015-1,514, July 1,510 bid, Sept. 1,583-1,586, Dec. 1,560-1,578, March 1,570-1,595.

INDICES

FINANCIAL TIMES

Feb. 16	Feb. 15	M'nth ago	Year ago
268.03	268.63	263.34	224.02

(Base: July 1, 1952=100)

MOODY'S

Feb. 16	Feb. 15	M'nth ago	Year ago
1045.7	1042.7	996.7	902.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 16	Feb. 15	Month ago	Year ago
Spot	382.56	384.47	375.51	347.08
F'tur's	381.05	383.12	372.40	327.69

(Average 1924-25-26=100)

REUTERS

Feb. 19	Feb. 16	M'nth ago	Year ago
1547.0	1534.4	1502.2	1385.5

(Base: September 18, 1931=100)

PLANT AND MACHINERY

Strong Gilt-edged market establishes fresh gains to 1½ points and provides impetus for equity upturn

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets showed to good advantage yesterday led by a strong Gilt-edged sector where fresh gains extended to 1½ points. Sentiment in equities was only momentarily affected by the Confederation of British Industry's latest survey of manufacturing trends with its implication of increasing cost pressures and weakening demand when, prior to the commencement of trading in Gilts, the tone was a shade uncertain.

The Vietnam crisis was no deterrent to investors who, drawn by recently changed opinions regarding the course of interest rates, again invested heavily across the whole spectrum of dated Government stocks. Despite the presence of a partly-paid tap stock, the longs established advances of 1½ points, while the shorts exceeded this with rises to 1¾.

Given a continuation of this sort of strength, subscriptions for the long tap Treasury 13¾ per cent 2000/03 on Thursday with only £15 payable on application could be sizeable and may well see the stock over-subscribed. The medium issue Exchequer 13¾ per cent 1987, also £15 payable on application, is in a less popular area of the market and is not expected to attract the same enthusiasm.

The short end of the Gilt-edged market continued to respond to the absence of a tap in the area. Investment was chiefly domestic although there were suggestions of overseas interest and after the official close Exchequer 10 per cent 1983 had risen 1⅛ to 88¼; the price in Saturday's and Monday's issues was incorrect.

Enthused by the good tone in British Funds, equities shrugged aside early indecision and moved progressively higher on renewed investment demand in the absence of any selling pressure. This was amply illustrated by the FT Industrial Ordinary share index, which, after being 0.3 down at 10 am, closed 5 points up at 460.3.

Actual and potential bid stocks were again briskly traded. The Vietnam crisis, however, led to some sharp falls in selected Far Eastern issues which sometimes closed above the worst.

Demand for Investment currency dried up after an initial small two-way business and the premium closed at 89 per cent, a fall of ¾ on Friday's close. Yesterday's SE conversion factor was 0.6866 (0.6833).

The Traded options market remained in a quiet mood with only 440 contracts recorded against last week's daily average of 643. ICI attracted 79 deals; the company's preliminary results are due on Thursday.

Barclays wanted

Activity in Banks was moderate although quotations took a turn for the better after-hours. Buyers came in late for Barclays which announce preliminary results on Thursday and the close was 10 higher at 385p. Midland ended 7 better at 385p and NatWest finished 5 to the good at 293p. Elsewhere, Hong Kong and Shanghai declined 10 to 269p on concern about the Chinese/Vietnamese situation. Discounts, with gains to 5, mirrored the firm trend in gilt-edged securities.

Among firm Insurances, Sun Alliance at 491p, recorded an above-average gain of 13.

Sporadic buying left the brewery leaders showing modest gains. Bass, 159p, and Whitbread 98p, both added 2 following Sir Maxwell Joseph's remark that it was unthinkable that the Prices Commission would not grant price rises to all the major brewers.

Tarmac featured Buildings with a rise of 8 to 164p on the settlement of the company's outstanding disputes with Drake and Scull which closed a penny up at 42p, after 42½p, following the annual results. Elsewhere, trade remained slow, but the trend was to higher levels. Taylor Woodrow, a particularly dull market of late on the disappointing profits forecast and £18m cash call, rallied 8 to 355p, while Costain ordinary and deferred improved 3 and 4 to 155p and 114p respectively with the aid of Press comment. Road repairers W. J. Glossop found support at 59p, up 5, and Newarthill firmed 4 to 156p. News that Marchwiel had postponed the annual results announcement until tomorrow prompted a little apprehension and the price shaded to 104p before recovering to unchanged on balance at 106p.

ICI, with preliminary results due on Thursday, pushed up 7 to 371p, while gains of around 6 were marked against Fisons, 290p, and Hickson and Welch, 205p.

FT-Actuaries Indices

The FT-Actuaries equity indices were in error in last Saturday's issue in that the indices and accompanying figures printed for Friday, February 16 were a repeat of the information shown for the previous day.

The correct index numbers for last Friday are published in today's display.

MFI good

Week-end Press comment again directed buyers into recent high-flying MFI Furniture which improved steadily to close a fresh 13 up at 234p. Fellow D-I-Y concern, Status Discount were also popular, finishing 8 to the good at 245p. Among Shoes, Footwear Industry Investments hardened 2 to 68p in response to the increased interim earnings.

Electricals met further demand. Racal, 382p, and Electrocomponents, 365p, advanced 12 and 13 respectively, while buying interest revived in Sound Diffusion, 6 to the good at 97p. Decca "A" rose 10 to 365p and gains of 8 and 5 respectively were recorded in Electronic Rentals, 173p, and Ward and Goldstone, 110p. Among the leaders, trading in GEC, up 5 at 326p, was quite brisk, while EMI, 3 to the good at 129p, were also a fairly lively market.

Occasional support left the Engineering leaders with modest gains but late offerings prompted a reaction of 5 to 170p in Vickers. British Aluminium encountered further support at 925p, up 12 while Speedwell Gear responded to favourable Press mention with a rise of 5 to 42p. Buyers showed interest in RCF, up 4 at 44p, and Woodhouse Rixon, 1½ dearer at 27p, but adverse Press comment prompted fresh dullness in Serck which gave up 3 more to 56p.

Publicity given to a broker's circular encouraged buying of certain supermarket issues; Bejam featured at 70p, up 9, while J. Sainsbury rose 7 to 242p and Associated Dairies hardened 3 to 196p.

Undeterred by the company's denial of bid rumours, buyers came in for De Vere Hotels which jumped 42 to 248p on earlier reports of an imminent offer for the company. Certain other Hotels and Caterers held sympathetic gains with Savoy A and Prince of Wales both 5 higher at 84p and 115p respectively. M. F. North firmed 2 to 28p on the news that Abingworth had acquired a 11.17 per cent stake in the company.

White Child jump

After an uncertain start, the miscellaneous Industrial leaders moved sharply higher in sympathy with firm gilts. Beecham, 627p, Glaxo, 485p, and Unilever, 554p, all closed 12 better, while BOC International added 3½ to 72½p following the annual report. Reed International rose 6 to 162p, while Scottish and Universal Investments ended a similar amount dearer at 131p. Following news of the bid approach, Glass and Metal jumped 27 to 117p, after 121p. After calling for a brief early morning suspension pending the bid announcement which came soon after, White Child and Beney soared from 108p to close at a 1978-79 peak of 193p on news of the agreed cash offer of 200p per share from Arthur Guinness. Reports of a large shareholding changing hands lifted Marshalls Universal 8 to 146p, while speculative buying fuelled by takeover suggestions took Maynards up 12 to 152p. Press comment helped PMA improve 5 to 85p and Long and Hambly appreciate 2 to 16p, while Jentique firmed 2½ to 33p on the half-year results. Chubb gained 9 to 155p on bid hopes and Lindsay and Williams advanced 4 to 98p awaiting further news of the bid approach. Far-Eastern stocks gave ground on concern about the Chinese/Vietnam situation. Jardine Matheson lost 13 to 174p and Swire Pacific declined 10½ to 116p. Still reflecting adverse comment, Channel Tunnel gave up 5 to 68p.

The Leisure sector featured Horizon which gained 13 to 158p. Samuelson Film Service put on 9 more to 182p, while Associated Leisure moved up 3 to 79p, the latter on Press comment.

Among Motor and kindred issues, Plaxtons added 11 to 135p in a thin market, while interest was shown in Fodens, 4 better at 48p. Lex Service became a good market and put on 3 to 79p, while Glanfield Lawrence gained 5 to 62p, after 63p.

English Property added a penny to 49p following the publication of the company's bid defence to Wereldhave's latest 46p per share cash offer and pending Olympia and York's decision on whether or not to launch a counter bid. Other Properties scored fresh useful gains on a broker's circular highlighting the sector. MEPC stood out at 169p, up 8, while Land Securities firmed 5 to 265p and British Land 2 to 49p. Haslemere rose 8 to 254p, while Press comment prompted a gain of 5 to 71p in Estates and Agency.

Oil leaders firm

A reasonably brisk trade developed in the Oil leaders after a rather subdued start. British Petroleum edged up to close at the best of the day with a rise of 8 at 972p, but Shell ended below the best, up 4 at 638p, after 640p. Interest in the more speculative issues, however, tended to fade after the recent strong advance, but the underlying tone remained steady to firm. Among the occasional improvements, British Borneo gained 4 to 194p and Oil Exploration closed a like amount dearer at 226p.

Apart from Walter Runciman, which rose 9 to 75p in a limited market, Shippings were rarely altered.

Textiles again traded quietly. Sirdar rose 5 to 106p, and Rivington Reed put on 4 to 70p. Carrington Viyella, annual results due Friday, firmed 1½ to 32½p.

Following the news that Sime Darby has extended the acceptance date of its offer for Guthrie, the latter eased 7 to 432p after 430p; Sime slipped 4 to 102p on the interim results.

Mines improve

Mining markets made a firm start to the week in the wake of the $2.00 rise in the bullion price to $248.375 per ounce and the strong gains registered by base metal prices on the London Metal Exchange.

Golds made progress for the third successive trading day with the Gold Mines index 2.9 higher at 180.1 and the ex-premium index 2.6 up at 123.7.

Prices were marked up at the outset reflecting the firmer Johannesburg buying. Later bullion price and modest they suffered from lack of interest; the New York markets were closed for Washington's Birthday, and dealers were awaiting the outcome of today's U.S. Treasury auction of 1.5m ozs of gold.

Most of the Johannesburg buying was directed towards the marginal stocks. Durban Deep advanced 20 to a high of 480p. "Sallies" 6½ to 81p and Bracken 5 to 105p. West Rand Consolidated put on 10 to 137p following news that the company has purchased the mining title to two farms in the Krugersdorp district.

South African Financials were marked up in line with Golds. "Amcoal" climbed 20 to a high of 815p and General Mining 15 to a high of 460p.

The strength of metal prices and a firm showing by overnight domestic markets enabled Australians to register good gains. Base-metal producers were featured by MIM Holdings, 11 better at 266p, and Western Mining, 6 up at 174p, while favourable Press mention lifted Selcast Exploration by 5 to 41p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	76	—	4
Corpns. Dom. and Foreign Bonds	29	1	[illegible]
Industrials	471	167	887
Financial and Prop.	135	68	306
Oils	16	4	18
Plantation	6	5	21
Mines	73	8	59
Recent Issues	9	3	78
Totals	815	257	1,346

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BATs Deferred	25p	12	284	+ 4	304	227
ICI	£1	12	371	+ 7	421	328
Shell Transport	25p	12	638	+ 4	640	484
BP	£1	10	972	+ 8	972	720
Racal Electronics	25p	10	382	+12	382	196
Reed Internat'nal	£1	10	162	+ 6	182	102
Barclays Bank	£1	8	385	+10	398	296
De Vere Hotels	25p	8	248	+42	248	148
GEC	25p	8	326	+ 5	349	233
EMI	50p	7	129	+ 3	190	124
Unilever	25p	7	554	+12	602	476
Beecham	25p	6	627	+12	726	581
Chubb	20p	6	155	+ 9	159	106
Glass and Metal	10p	6	117	+27	121	58
Midland Bank	£1	6	365	+ 7	390	330

FINANCIAL TIMES STOCK INDICES

—	Feb. 19	Feb. 16	Feb. 15	Feb. 14	Feb. 13	Feb. 12	A year ago
Government Secs.	65.92	65.19	65.19	65.39	65.18	[illegible]	[illegible]
Fixed Interest	66.44	66.05	66.05	66.41	66.08	65.77	[illegible]
Industrial	460.3	455.3	450.6	457.4	456.4	[illegible]	[illegible]
Gold Mines	180.1	177.2	175.6	174.6	177.0	[illegible]	[illegible]
Gold Mines (Ex $ pm)	123.7	121.1	120.3	118.8	120.1	[illegible]	[illegible]
Ord. Div. Yield	6.17	6.24	6.30	6.21	[illegible]	[illegible]	[illegible]
Earnings Y'ld % (full)	16.11	16.31	16.46	16.23	16.31	[illegible]	[illegible]
P/E Ratio (net) (*)	8.05	7.95	7.88	7.99	7.96	[illegible]	[illegible]
Dealings marked	4,253	5,726	4,474	4,952	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	60.26	66.74	84.65	75.32	[illegible]	[illegible]
Equity bargains total	—	11,555	12,110	16,177	[illegible]	[illegible]	[illegible]

10 am 455.0. 11 am 456.5. Noon 458.2. 1 pm 459.5. 2 pm 459.7. 3 pm 459.7.
Latest Index 01-246 8026.
*Nil = 7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.58 (5/1/78)	64.64 (6/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	134.1 (28/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.5 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Feb. 19	[illegible]
—Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-d'y Av'r'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

The option market traded quietly and calls were done in Premier Oil, Dunlop, [illegible], Siebens, Spillers, De Vere Hotels, Western Mining, [illegible] haven, Bath and Portland, [illegible], EMI and Tesco. No puts were reported, but doubles included Charterhall and De Vere Hotels.

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (87)

CANADIANS (2)
Gulf Oil Canada; Hudson's Bay Oil Gas

BEERS (1)
Irish Distillers

BUILDINGS (1)
Bredon Lime

CHEMICALS (2)
Allied Colloids; Thurgar Bardex

STORES (3)
Bakers Stores; Burton Group; Wilkinson Warburton

ELECTRICALS (9)
Arlen Elect.; Electrocomponents; Elect. Rentals; Energy Services; Farnell Elect.; Kode Intl.; Racal Elect.; Sound Diffusion; Thorne (F.W.)

ENGINEERING (6)
Brit. Aluminium; Carclo; Drake and Scull; English Card Clothing; Moss Engineering; RCF

FOODS (2)
Carr's Milling; Spillers

HOTELS (1)
De Vere Hotels

INDUSTRIALS (18)
British Vita; B. H. Property; Cawoods; Diploma; Glass and Metal; Johnson Matthey; Leadenhall Sterling; Lindsay and Williams; Long and Hambly; Maynards; PMA; Riley (E. J.); Securicor; Do. A N-Vtg.; Security Services; Do. A N-Vtg.; Triefus; Wade Potteries; White Child Beney

LEISURE (4)
Hawley Leisure; Horizon; Pleasurama; Samuelson Film

MOTORS (2)
Plaxton's; Glanfield Lawrence

NEWSPAPERS (2)
Independent; Pyramid

PAPER (3)
Chapman (Balham); Saatchi and Saatchi; Whitecroft

PROPERTY (14)
Allnatt London; British Land; English P. [illegible]; Imry Property; Land Secs.; MEPC; Mountview; Nolton; Peachey; Second City; Slough Ests.; Do. 10pcCnv.[illegible]; UK Property; Warner Estate; Warnford Inv.; Winston Ests.

SHOES (1)
Weerra

TEXTILES (1)
Shiloh Spinners

TRUSTS (2)
Gresham House; Selected Risk Inv.

OILS (3)
BP; Candecca Res.; Shell Transport

RUBBERS (1)
Harrisons Malay. Ests.

MINES (6)
Durban Deep; Ellisfontein; Anglo-Amer. Coal; General Mining; Rustenberg Plat.; North Kalgurli

NEW LOWS (5)

ELECTRICALS (1)
Motorola

ENGINEERING (1)
Serck

INDUSTRIALS (2)
Lindustries; Redfearn Nat. Glass

PAPER (1)
Waddington (J.)

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	86	5	112	—	132	—	973p
Com. Union	140	8	—	11	—	15	1	143p
Com. Union	160	1½	—	4	1	7	10	"
Cons Gold	180	[illegible]	8	32	5	42	—	204p
Cons Gold	220	5	44	11	—	17	—	"
Courtaulds	100	11	—	12½	10	14½	—	107p
Courtaulds	110	4½	1	7	—	9½	2	"
Courtaulds	120	1½	2	3½	—	6	—	"
GEC	300	[illegible]	17	49	1	57	2	326p
GEC	330	13	25	29	—	[illegible]	—	"
GEC	360	3½	3	14	—	—	—	"
Grand Met.	100	18½	—	21½	—	25	—	118p
Grand Met.	110	8½	—	13	—	16	1	"
Grand Met.	120	3½	27	6½	—	10½	5	"
ICI	330	40	17	52	—	59	—	369p
ICI	360	13	8	[illegible]	5	38	—	"
ICI	390	4	37	15	—	19½	—	"
ICI	420	⅝	—	6	12	—	—	"
Land Secs	180	89	5	—	—	—	—	264p
Land Secs	240	30	—	37	5	45	—	"
Land Secs	260	13½	26	[illegible]	[illegible]	31	—	"
Totals			222		[illegible]		19	

Option	Ex'rc'se price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
BOC Intl.	60	10½	25	13	—	14½	—	70p
BOC Intl.	70	1	—	5½	35	6½	—	"
BOC Intl.	80	½	—	1	13	—	—	"
Boots	200	½	—	11	1	14	—	193p
EMI	120	—	—	16½	—	19	4	131p
EMI	130	[illegible]	5	10½	1	13½	7	"
EMI	140	¼	—	5½	1	9	11	"
EMI	160	¼	—	1½	1	3½	—	"
ImperialGp	80	4	—	8	—	11	—	83p
ImperialGp	90	½	—	3½	25	4½	—	"
RTZ	260	21	15	33	7	38	—	279p
RTZ	280	3	1	20	—	27	—	"
Totals			46		82		22	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or —	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/2	121	68	Caledonian Hldgs.	121	+4	‡7.3	1.6	9.3	10.1
**	F.P.	16/2	132	118	Hunting Assoc. Defd.	121	—	—	—	—	—
**	F.P.	9/2	37	31	M. Y. Dart Defd.	36	—	—	—	—	—
85¶	Nil	—	5pm	3½pm	Sedgwick F. New 10p	3½pm	—½	15.0	2.1	7.6	8.2

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or —
95	F.P.	16/2	109p	102p	Assoc. Dairies 9¾% Pref.	103p	—
‡	Nil	23/2	1pm	1pm	Chepstow Race's 5% Cnv. Uns. Ln. 1988	1pm	—
¶	F.P.	26/1	100½	89¾	Colne Valley Water 8% Red Prf 1983	98½	—
100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	100p	—
100	F.P.	5/1	142	102	Hawley-Leisure 12% Cnv. Uns. Ln. '88-89	142	+2
¶	F.P.	1/3	101½	100	Mid Kent Water 8% Pref. 1984	100	—
98	£10	—	9½	9¼	Mid-Southern Water 8% Red. Pref 1984	9½	+¼
100p	F.P.	11/1	107p	[illegible]p	Rivington Reed 9½% Cnv. Cum. Red. Pref.	104p	+1
97½p	F.P.	5/1	95p	94p	Seascope 10¼% Pref.	94pxd	+1
**		9/3	98p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	96p xd	—

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing Price p:	+ or —
125	F.P.	9/2	23/3	171	154	Baker Perkins	166	—1
C$21½	Nil	—	—	24pm	18pm	Bank of Nova Scotia	21pm	+1
60	Nil	—	—	9pm	6pm	Burco Dean	8pm	—1
220	F.P.	14/2	6/4	255	238	Haslemere Estates	254	+8
60	Nil	—	—	3pm	2pm	Hawkins & Tipson	3pm	+1
57	Nil	—	—	9½pm	7½pm	Macpherson (D)	9½pm	—
58	Nil	—	—	8pm	4½pm	Montfort	4½pm	—
10	F.P.	22/1	23/2	17½	14½	Suter Electrical Defd.	16	—
18	F.P.	14/2	14/3	26½	23	Swan Ryan Intl.	[illegible]	+½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. e Gross. ‡ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., Feb. 19, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Feb. 16 Index No.	Thur. Feb. 15 Index No.	Wed. Feb. 14 Index No.	Tues. Feb. 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	225.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	198.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	332.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	541.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	343.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (73)	176.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	156.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	206.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	270.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	159.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	112.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (170)	208.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	222.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	293.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	274.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	197.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	232.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	377.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	133.83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	193.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	170.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	236.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	90.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	193.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	255.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	242.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	123.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	404.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	218.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	216.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	557.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	243.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	169.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	205.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	216.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	158.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	117.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	116.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	302.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	76.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	289.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	111.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	206.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	128.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	320.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	224.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Feb. 19	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon. Feb. 19	Fri. Feb. 16	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Mon., Feb. 19 Index No.	Yield %	Fri. Feb. 16	Thur. Feb. 15	Wed. Feb. 14	Tues. Feb. 13	Mon. Feb. 12	Fri. Feb. 9	Thur. Feb. 8	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper Securities Ltd.

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Target Tst. Mgrs. (Scotland)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 460-465

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	12.62%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Ins. Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.o.Man)

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

For Central Assets Mngt. Ltd see under Keyser Ullmann Ltd.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ♦ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97	945_8	Treasury 3pc '79‡‡	961_4xd	+1_4	3.11	9.92
977_8	951_8	Electric 41_4pc '74-79	963_4xd		4.39	10.03
104	98	Treasury 101_2pc '79‡‡	99	+1_4	10.60	11.92
961_2	941_2	Electric 31_2pc '76-79	95	+1_4	3.68	10.70
1031_8	957_8	Treasury 9pc 1980‡‡	971_2xd	+1_2	9.23	11.63
102	95	Treasury 91_2pc '80‡‡	973_8	+1_2	9.75	12.08
951_8	923_8	Treasury 31_2pc '77-80	933_8	+3_8	3.74	8.93
961_2	927_8	Funding 51_4pc '78-80‡‡	931_2	+3_8	5.61	10.65
1101_4	99	Exchequer 13pc 1980‡‡	1005_8	+3_4	12.91	13.02
1061_4	96	Treasury 111_2pc 1981‡‡	983_8	+1	11.68	12.46
915_8	881_4	Treasury 31_2pc 1979-81	90	+3_8	3.88	9.11
1011_4	92	Treasury 93_4pc 1981‡‡	947_8	+11_8	10.27	12.57
97	891_2	Exch. 81_4pc 1981	913_4	+1	8.99	12.44
1003_4	911_4	Exch. 91_2pc 1981	933_4	+1	10.18	12.80
87	841_4	Exch. 3pc 1981	851_2xd	+3_8	3.50	9.68
98	953_8	Treas. Variable '81‡‡	963_4	.....	13.64	14.63
111	98	Exch. 123_4pc 1981‡‡	997_8	+13_8	12.76	12.76
993_8	88	Treas. 81_2pc '80-82‡‡	905_8	+1	9.37	12.43
855_8	82	Treasury 3pc '82‡‡	821_2	+1_4	3.63	9.91
1157_8	1003_8	Treasury 14pc '82‡‡	102xd	+11_4	13.75	12.85
96	94	Treas. Variable '82‡‡	951_4	.....	13.86	15.03
963_8	853_4	Treasury 81_4pc '82	873_4	+11_2	9.40	12.77
1001_4	861_2	Exch. 93_4pc 1982	887_8xd	+11_8	10.40	13.27
96	845_8	Exch. 83_4pc 1983	871_8	+11_4	10.04	13.05
851_4	781_4	Exch 3pc '83	781_2xd	+1_2	3.82	9.60
1141_4	931_8	Treasury 12pc 1983‡‡	955_8xd	+11_2	12.54	13.42
971_4	931_8	Treas. 12pc '83 A‡‡	95	+11_2	12.60	13.54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
22	17	Antofagasta Rly.	22	.....	—	—
41	33	Do. 5pc Pref.	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	f3.10

BONDS & RAILS—Cont.

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

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CHEMICALS, PLASTICS—Cont.

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ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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هكذا من الأصل

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O.F.S.

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TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	51	......
Ash Spinning	106	......	Sheff. Refrshmt	70	......
Bertam	28	......	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	332	+8	**IRISH**		
Clover Croft	28	......	Conv. 9% '80/82	£88½xd	+⅛
Craig & Rose £1	615	......	Alliance Gas	108	......
Dyson (R. A.) A	37	......	Arnott	395	......
Ellis & McHdy	68	......	Carroll (P.J.)	99	......
Evered	26	......	Clondalkin	93	......
Fife Forge	52	......	Concrete Prods.	135	......
Finlay Pkg. 5p	21	......	Helton (Hldgs.)	60xd	......
Graig Ship. £1	122	......	Ins. Corp.	170	+8
Higsons Brew	70	......	Irish Ropes	98	......
Holt (Jos) 25p	252	......	Jacob	50	......
I.O.M. Stm. £1	232	......	T.M.G.	185	......
Pearce (C. H.)	202	......	Unidare	88	......
Peel Mills	24	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Unilever	35
A. Brew	6½	"Imps"	6	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	7½
B.S.R.	8	Inveresk	7	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	14		
Beecham	32	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	7	Brit. Land	3¾
Boots	15	Lloyds Bank	22	Cap. Counties	4½
Bowaters	14	"Lots"	4	E.P.	3½
B.A.T.	24	London Brick	6	Intereuropean	5
Brown (J.)	33	Lonrho	5	Land Secs.	16
Burton 'A'	16	Lucas Inds.	25	MEPC	12
Cadburys	5	"Mams"	12	Peachey	8
Courtaulds	10	Mrks. & Spncr	7	Samuel Props.	9
Debenhams	8	Midland Bank	25	Town & City	1¼
Distillers	15	N.E.I.	12		
Dunlop	5	Nat. West. Bank	22	**Oils**	
Eagle Star	10	Do. Warrants	10	Brit. Petroleum	45
E.M.I.	14	P & O Dfd.	7	Burmah Oil	8
Gen. Accident	17	Plessey	8	Charterhall	2½
Gen. Electric	18	R.H.M.	5	Shell	28
Glaxo	40	Rank Org.	18	Ultramar	16
Grand Met.	7½	Reed Intnl.	12		
G.U.S. 'A'	20	Spillers	3½	**Mines**	
Guardian	18	Tesco	4		
G.K.N.	22	Thorn	22	Charter Cons.	12
Hawker Sidd.	20	Trust Houses	£15	Cons. Gold	12
House of Fraser	12	Tube Invest.	30	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday February 20 1979

S. Africa to forbid disclosure of oil problems

By Quentin Peel in Johannesburg

A COMPLETE clamp-down on the publication of information about South Africa's oil needs, reserves and sources of supply, is to be introduced by the South African Government in the wake of the stoppage of supplies from Iran.

The move was announced by Mr. Chris Heunis, Minister for Economic Affairs, only days before he is due to reveal a programme of fuel conservation to cut South Africa's R1.4bn (£800m) annual oil import bill.

At the same time, he admitted that South Africa is paying premiums of up to 80 per cent above the OPEC prise for its crude supplies, and that a further petrol price rise on top of the 10 per cent increase in January, was inevitable. Before Iran's oil exports ceased, South Africa received 90 per cent of its crude supplies from that source, but the new Iranian regime has said it will not supply the future needs of South Africa which is already boycotted by other Arab producers.

Mr. Heunis said that extra oil storage facilities were being built in the Cape province to increase South Africa's strategic reserve, reliably estimated at between 18 months' and two years' supply, but in a radio interview, he suggested that the cost of further storage facilities might be prohibitive, and the increased production of liquid fuels from indigenous raw materials—like the Sasol oil-from-coal project—might be "the most acceptable option."

Legislation to prevent publication of any details of South Africa's oil supplies will be introduced in Paliament, Mr. Heunis said "because of the sensitive position we have in the international world." The legislation is expected to resemble that governing information about uranium and nuclear energy, which forbids publication without clearance from the Atomic Energy Board of any details of uranium deposits, the price and quantities of contracts, or of research work anywhere in the world into uranium enrichment and processing.

Oil industry executives believe South Africa will be able to obtain adequate supplies of crude from "non-political" sources, provided Iran resumes its exports. If there is a world oil shortage, however, South Africa is likely to suffer as a very low priority destination

Although South Africa is certain to have to continue paying a hefty premium for its supplies, that could be largely cushioned by the rising gold price. The average gold price so far this year is more than $230 an ounce, against $193 for the whole of last yearf.

Oil workers challenge Ayatollah, Page 4

Settlement of £2m for Tarmac

By Andrew Taylor

AN 18-MONTH legal wrangle between Tarmac, the construction group, and Drake and Scull, the engineering and construction concern, has ended with an out-of-court settlement worth about £2m to Tarmac.

The dispute arose after Tarmac's acquisition of Holland Hannen and Cubitts—the UK contractor with strong Nigerian interests—from Drake and Scull in 1976.

The row centred on Tarmac's disputed claim for warranty payments against certain loss making contracts, including major work being done by Cubitts in Nigeria.

It has now been agreed that Tarmac should not pay the outstanding 1.5m due on the Holland Hannen and Cubitts acquisition. Originally the purchase price was to be just over 5m.

In addition Tarmac is to get about £500,000 in receipt of a claim against the Greater London Council. This sum was originally to be split equally between Tarmac and Drake and Scull.

Mr. Michael Abbott, chairman of Drake and Scull said: "I am very satisfied with the terms and outcome of the settlement which paves the way for future friendly trading relationships between both concerns."

Tarmac is negotiating the sale of its 40 per cent stake in Cubitts Nigeria to a Middle East consortium.

Last year Tarmac announced that it was increasing provisions against losses from Cubitts Nigeria from £12 to 16m.

Drake and Scull results, Page 24

UNIONS TO FIGHT LOSS OF 900 JOBS

Teesside shipyard to close

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is to close its Haverton Hill, Teesside, shipyard with the loss of 900 jobs.

This is the first shipbuilding yard to be closed as part of the corporation's programme, still unratified by Government, to shed 12,300 merchant shipbuilding jobs by 1980-81. This represents a 32 per cent reduction.

So far about 3,000 jobs have gone including those at Haverton Hill, on top of another 1,000 in British Shipbuilders' ship repair and engine building subsidiaries.

Under the terms of its corporate plan, British Shipbuilders wants to switch another 6,000 men from merchant to warship building and to pension off another 1,000 employees.

This leaves a further 2,300 jobs to be shed in merchant shipbuilding and plans now with Government suggest that these will be spread across the corporation's yards on Clydeside, the East Coast of Scotland and Tyneside.

Cammell Laird on Merseyside is to transfer its activities to warship work, making up most of the plan's provision in that regard. Swan Hunter will also undertake a large proportion of warship building.

The writing has been on the wall for Haverton Hill, which is part of British Shipbuilders' Smith's Dock subsidiary, for many weeks.

The workforce refused to work on the £115m Polish order last year after it was blacked by Swan Hunter men and more recently draughtsmen at the yard almost lost a £18m container ship order by refusing to submit drawings during an inter-union dispute.

Ironically, these 80 draughtsmen will not be among those receiving 90-day redundancy notices. They are technically employed by the parent company, Smiths Doc, rather than the yard itself. Their services are needed on the container ship contract, which is to be built at Smiths Dock's South Bank yard.

British Shipbuilders said last night that operations would cease at Haverton Hill because work had run out. "Every effort has been made to find new work for the yard but in the current world recession this has not proved possible."

Consultations with unions, which have said that they will fight redundancies and closures, are to take place at national and local level this week.

Haverton Hill is one of British Shipbuilders' more modern yards and possesses many facilities not found at the nearby South Bank yard, but since its transfer from the Swan Hunter group to Smith's Dock in February 1977 labour relations have been poor.

Harland and Wolff workers warned, Page 6

Anglia to cut home loans by 15% next month

BY MICHAEL CASSELL

ONE OF THE country's largest building societies is to cut lending by 15 per cent from March.

Monthly lending by the Anglia, Hastings and Thanet Building Society, which has assets of over £1.4bn, will fall from £26m to £22m. As a result, the society will be making about 400 fewer loans each month. Last year it made more than 30,000.

It said that waiting lists for mortgages stretched into May. Advances would have to be restricted until interest rates generally declined or the building societies increased theirs.

The decision illustrates the movement's dilemma. Societies say they have little room for any more significant reductions in liquid funds, which have been greatly run down over the past year because of declining receipts from investors.

Although liquid assets—now averaging a little over 17 per cent—demain well above the statutory minimum, societies say they do not want to reduce them much more.

Accordingly, they must either reduce loans or raise interest rates to attract more funds. They decided earlier this month not to take acion on rates for the time being.

They are already lending at a level about £50m below the £700m monthly target set for the first quarter of this year and the figure may fall further, implying still longer mortgage queues.

Big societies like the Woolwich have announced lending reduction but conditions may vary according to societies' liquidity and their readiness to continue to reduce it.

Further increases in interest rates cannot be excluded, although societies' receipts are better than expected. Rates will be discussed again in early March. The longer any decision is delayed the less likely are rates to rise, if only for political reasons.

Halifax report on house prices, Page 9

Dunlop faces protest strike over closures

By Alan Pike, Labour Correspondent

DUNLOP FACES a one-day strike in protest at its plans to close its Speke, Merseyside, factory and to axe jobs at other plants. Representatives of 11 unions with members in Dunlop decided on the strike yesterday.

The date for the strike has not been decided but it is likely to be followed by other protests unless the unions succeed in persuading the company to modify plans to shed 3,100 people from its 11,250-strong tyre division workforce.

Union leaders have been particularly angered because the main impact of the cuts would fall on the Speke plant, with the loss of 2,400 jobs in an area of high unemployment. The other redundancies would be at Birmingham and Inchinnan, Scotland.

After yesterday's conference of the unions involved Mr. John Miller, national secretary of the Transport and General Workers' Union, criticised the company for reaching its decisions on rationalisation without effective negotation with the unions.

Unless the company agreed to negotiate there could be many days of action, he said.

Union leaders want Dunlop to lift the threat of closure from Speke and to withdraw the other redundancy proposals while talks take place on other means of tackling problems which, the company says, result from over-capacity in the UK tyre industry. The unions believe they could offer alternative plans

Lucas claims tactical victory in French legal battle

BY DAVID WHITE IN PARIS

BRITAIN'S Lucas motor component group yesterday claimed a tactical victory in its legal struggle over the future of the French electrical parts manufacturer Ducellier.

Lucas's own bid for control of Ducellier was originally blocked by the French Government. It has since been engaged in a series of vain legal battles to prevent a second French concern, Ferodo, taking effective control of Ducellier which is 49 per cent owned by the British concern and 51 per cent by DBA, a subsidiary of Bendix Corporation of the U.S.

In yesterday's move a French appeal court upheld Lucas's case that DBA should not take instructions from Ferodo and that Ferodo should not receive documents concerning Ducellier's business.

The appeal court also nominated a representative to ensure that these decisions are implemented by the partnership committee which was set up by Ferodo and DBA last September to give Ferodo effective control of Ducellier's business. This was done by setting up a "shell" company in which Ferodo had a 92.5 per cent stake.

Ferodo said today, however, that the latest ruling would have no practical impact since the company had not tried to interfere in Ducellier's business while the case was in the courts. It also claimed that the appeal court favoured its position in so far as it also declared that the kind of financial arrangement entered into between Ferodo and DBA was legal.

In separate action, in a French commercial court, Lucas is claiming that hte entire agreement giving Ferodo effective control of Ducellier should be declared null and void since the mechanism employed has no basis in law.

Yesterday's decision does not mean that Lucas has won its campaign, which started a year ago, when the French Government failed to approve its bid to take over the DBA stake in Ducellier. Its plea for annulment of Ferodo's back-door takeover may have to wait months for a decision by the commercial court and after that the appeal court.

The decision also brings the British group no closer to securing French Government approval of its takeover bid, which would have given it 100 perc ent of Ducellier.

It is, however, seen by Lucas as strengthening its negotiating position in talks going on with Ferodo. The French Government has urged the two groups to work out a compromise for the future ownership structure of Ducellier.

Ducellier holds a dominant position in the French market for electrical components and is a direct competitor of component companies which have been reorganised under Ferodo's control.

BP confirms Shetland oil find

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM has confirmed the existence of a large oilfield to the west of the Shetlands, but the results of the latest exploration work in the area give few clues as to how soon the field could be developed.

The find, on block 206/8, which was made in 1977, caused great excitement last summer before the announcement of the results of the second well, when it was rumoured that a major discovery had been made.

But the second well produced oil only in non-commercial quantities. The first well flowed crude oil at a rate of 2,920 barrels a day and the third well flowed at 530 barrels a day.

BP said yesterday that the fourth well to be drilled on block 206/8 had found heavy crude oil—of 24 degrees API quality—similar to the crude found in earlier wells on the block.

The latest well was not tested an has been plugged and abandoned. It was drilled close to the boundary of Esso's block 206/13 and Esso has paid 50 per cent of the costs.

In each case the rather heavy crudemuch heavier than most of the North Sea finds—has flowed only sluggishly, and the poor productivity has thrown doubts on when the field could ultimately be developed. The amount of oil could be very large, but it would be difficult to produce.

BP is pressing ahead with its exploration programme to the west of the Shetlands, however, and more wells could be drilled later this year.

The drilling rig Sea Conquest is being moved to the North Sea, however, to drill a ninth appraisal well on the Magnus Field in block 211/12a. This is a surprising move.

The company also announced yesterday the result of an exploration well on block 23/26a, which lies between the Montrose and the Ekofisk Fields.

The rig Sedco is being moved south to the Western Approaches to drill a wildcat well on block 87/12, a concession shared with Total, Elf and the British National Oil Corporation.

This area to the south of Cornwall and close to the median line with France is new territory for the oil industry. But the British National Oil Corporation is already drilling its first well on block 72/10, about 20 miles to the south-west of Land's End and the British Gas Corporation is drilling with Conoco in the English Channel.

● BNOC has signed a definitive agreement to acquire a 10 per cent share in the North Sea Beatrice Field from Hunt Oil of the U.S. It has completed an agreement, along with Deminex of West Germany, to acquire a 48 per cent interest in North Sea block 3/7a from the Canada North-West Land Group and Scurry Rainbow, also of Canada.

Continued from Page 1

Economic activity slows

lower this year than in 1978. A recent CBI staff estimate was that expansion would average 2.1 per cent in 1979.

Mr. Denis Healey, the Chancellor, has just received the new Treasury forecasts of the economy over the next 18 months and officials are now interpreting the figures in preparation for the Budget decisions.

The details are not yet known. But the inflation outlook has deteriorated since the last forecasts in mid-November when a 7 per cent rise in average earnings in the current round was assumed. Consequently, it is likely that the projected growth in total output in 1979 may not match the 2.4 per cent rise previously expected.

The preliminary estimate of fourth quarter Gross Domestic Product is based on output data, mainly the industrial production figures. The quarterly movements shown by this estimate may differ significantly from the income and expenditure estimates. But the output-based figures are usually considered to be the most reliable measure of short-term changes.

Weather

UK TODAY

CLOUDY and misty everywhere with some fog patches. Occasional rain near the south coasts.

London, S.E., Midlands, E. Anglia, N. England, S.E. Scotland

Cloudy, misty and mostly dry. Max. 3C (37F).

Channel Isles

Dull and misty wtih fog patches. Max. 7C (45F).

S.W. England, Wales, Isle of Man

Cloudy and occasional rain. Some hill and coastal fog. Max. 6C (43F).

Glasgow area, Highlands and Islands

Mostly dry with bright intervals. Max. 5C (42F).

N.W. Scotland, Ulster

Cloudy with some rain. Max. 7C (45F).

● Outlook: Mostly dry with some rain in the far north and west. Rather cold in the east with night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Lisbon	F	16	59
Algiers	F	17	63	Locarno	C	6	43
Amsdm.	C	−3	27	London	C	1	34
Athens	C	13	55	Luxmbg.	C	0	32
Bahrain	S	21	70	Madrid	S	13	55
Barclna.	F	14	57	Majorca	S	16	61
Belfast	F	6	43	Malaga	S	16	61
Belgrd.	C	3	37	Malta	S	14	57
Berlin	C	−1	30	M'chstr	C	2	36
Biarritz	C	8	46	Melbne.	S	20	68
Bmgm.	Fg	1	34	Milan	R	4	39
Blackpl.	C	3	37	Mntreal.	S	−13	9
Bordx.	C	4	39	Moscow	C	−6	21
Bristol	Fg	3	37	Munich	C	0	32
Brussels	C	−2	28	Nairobi	C	21	71
Budpst.	C	6	43	Naples	C	12	54
B. Aires	S	27	80	Nwcstl.	C	1	34
Cairo	S	32	90	N. York	Sn	−6	21
Cardiff	Fg	3	37	Nice	F	12	54
Cas'b'ca	C	17	63	Nicosia	S	17	63
Cape T.	S	25	78	Oslo	Sn	−4	25
Chicago	S	−16	3	Paris	C	0	32
Colgne.	Sn	−1	30	Perth	S	25	77
Cpnhgn.	F	−2	28	Prague	F	4	39
Corfu	C	13	55	Reykjk.	Sl	3	37
Dublin	C	4	39	Rio J'o	C	27	80
Dbrvnk.	S	13	55	Rome	F	14	57
Ednbgh.	C	2	36	Salzbrg.	C	2	36
Florence	C	9	48	Singapr.	S	28	82
Frankft.	C	1	34	Stckhm.	C	0	32
Funchal	S	18	64	Sydney	C	22	72
Geneva	C	4	39	Tangier	F	15	59
Gibrltr.	F	16	61	Tehran	S	5	40
Glasgow	C	3	37	Tel Aviv	F	19	66
Grnsy.	Fg	5	41	Tenerife	C	15	59
Helsinki	C	−9	16	Tokyo	S	7	44
H. Kong	S	20	68	Toronto	S	−14	7
Innsbrk.	F	2	36	Tunis	C	12	54
Invrnss.	S	6	43	Valencia	S	18	64
I.o.Man	C	3	37	Venice	C	6	43
Istanbul	R	9	48	Vienna	C	4	39
Jersey	Fg	5	41	Warsaw	S	−1	30
Jo'burg	S	28	82	Zurich	Sn	0	32
L. Plms.	S	20	68				

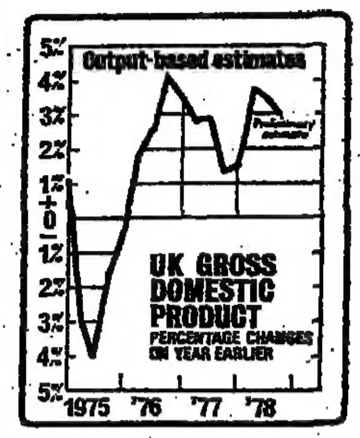
C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Troubled flotation in the North Sea

All the old doubts about the forthcoming Budget appear to have been cast aside in the gilt-edged market, which is now relishing the prospect of over-subscription on Thursday for the new partly paid issues. And the recession-hungry gilt market must have found some encouragement in yesterday's news of a slight fall in fourth quarter GNP.

Index rose 5.0 to 460.3



North Sea Assets

Faithful shareholders in North Sea Assets are hardly jumping for joy about the company's decision to apply for a listing on the Stock Exchange and turn itself into a glorified investment trust. Having applied for shares at £20 apiece six years ago, they now see the shares are now changing hands at around £8 and there are those amongst the institutions that would be much happier if North Sea Assets went into liquidation.

At least they might get more than £8 for their shares which are reckoned to be worth roughly £20 apiece in terms of the underlying net asset value. Even by the standards of the investment trust industry that is a whopping discount.

North Sea Assets was set up by Ivory and Sime in the early 1970s when the financial system was gripped with the euphoria of North Sea oil. Unfortunately its record to date has been dismal. A huge chunk of the company's funds (a quarter of total assets) went into a very sophisticated pipelaying barge which, because it was delivered 15 months late, missed most of the pipelaying contracts and is now operating as a humble support ship. Most of the other investments have been equally uninspiring and one or two have been in companies which have gone into liquidation.

Most of the institutional backers are prepared to be generous and admit that the North Sea has just not proved the profit bonanza for service companies that it was reckoned to be. But North Sea Assets' management to date has not proved that it will be any better at investing in the world-wide oil service industry as is now intended.

NSA has said that it intends to widen its portfolio and reduce the riskiness of its investments which will involve investing in more quoted companies. But in so doing it is transforming the company and it is becoming more and more like an ordinary investment trust. Just why NSA will be any better than any other investment manager in picking glamorous oil shares is not immediately obvious.

For the institutions another irritant is the size of the fees being charged by the managers which are larger than normal for investment trusts. Originally, there were three managers but in 1975 Edward Bates pulled out and now Noble Grossart has bowed out. Even so Ivory and Sime is still earning a good fee for managing a company which some of its shareholders do not think should be in busniess.

Johnson-Richards

The Monopolies Commission had better start dusting down its files on sanitary war and tiles, because it might be needing them soon. Tat, at any rate, is what the steck market seems to think. Johnson-Richards Tiles currently stands at 139p, compared with a hotly opposed bid from Norcros worth 146½p per share, and even longer odds are being quoted against the success of the alternative proposal —a merger between Johnson-Richards and Armitage Shanks. If that were to go ahead, Amitage could be worth roughly a fifth more than its current 73½p.

There are at least three reasons why the chutters could come down on both sets of proposals. The first is that neither side has made a clear cut commercial argument to support its case. Norcros, in its formal offer document posted yesterday, says that there is more scope for expanding into the growing market for decorative tiles under its banner than there would be in the Armitage solution, which would leave both companies stuck in the bathroom. But Johnson-Richards says that Norcros cannot teach it anything about decorative tiles, where its market share is just as big as everywhere else: anyway, its distribution system is quite unlike that of Norcros.

A second pointer lies in the possible parallels between the proposed Armitage link and the abortive deal between Johnson-Richards and Hepworth Ceramic last year. That was referred to the Commission partly because of concern about too much concentration in the supply of clay based products to the construction industry. Finally, Johnson-Richards is making no secret of its hostility to Norcros, which, it says, extends down to the shop floor.

For the moment, however, the ball is in its court. The question of a reference is unlikely to be decided for a little while yet.

BOC International

BOC International is a business worth £230m in the stock market, with total debt of £560m (though just under £500m net of cash holdings) and with assets valued in the balance sheet at around £1,100m. In the annual report the directors accept that net debt of some 45 per cent of capital employed, a proportion just about back to the 1974 peak, is towards the higher part of the range that they consider desirable — although "well within the financial limits that the business can support." It seems they are ready to soldier on this year with debt rising slightly but the level of gearing likely to be down a bit. Certainly there can be no dramatic degearing solution through a rights issue at the current price — a one-for-four at, say, 60p would raise just £48m — though the planned sale of the Airco ferro-alloys business for over $100m would have a significant impact.

BOC remains a group seeking ambitious expansion, with capital investment of £133.5m last year and continuing at a high level in 1978-79, but with a slightly disapointing return on capital. This year, "successful exploitation of past investment" is in some areas being given priority over new developments. The pressures show up in the value added statement, where the proportion of value added accruing to the company (or minority partners) fell last year from 14.3 to 9 per cent. Still, assets are included in most cases at replacement cost, so the pre-interest return of 10.4 per cent on capital employed is better than it might seem at first sight. And this year profits should improve with earnings per share "moving up towards the 1977 level."

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